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Algeria... 6.00 Dz. Israel.... 1.50 Dz. Norway... 6.00 Nkr.  
Australia... 17.5 Italy.... 12.00 Lira. Oman... 0.700 Rials  
Belgium... 0.650 Francs. Japan... 450 Yen. Portugal... 60 Esc.  
Bulgaria... 32.00 Lek. Kenya... 50 Shs. 16.00 Qatar... 4.50 Rials  
Canada... C\$1.10 Kuwait... 500 Frs. Rep. of Ireland... 1.00 P.  
Congo... \$25.000 Lebanon... \$1.450 South Africa... 4.00 P.  
Cyprus... 525 Mils. Luxembourg... 30 Lfr. Saudi Arabia... 90 P.  
Denmark... 7.00 Dkr. Libya... 1.00 Dls. 0.25 Sweden... 0.00 SKr.  
Finland... 1.00 Fim. Morocco... 70 Dir. Tunisia... 0.50 Dz.  
Germany... 2.20 Dm. Malta... 5.50 Cr. Turkey... 1.00 Dm.  
Greece... 40 Dr. Netherlands... 1.00 Cr. U.S. An... 1.50 Dz.  
Ireland... 17.5 Nigro... 1.00 Cr. Yugoslavia... 70 D.

ESTABLISHED 1887

## Arens Set to Fight Pressure From U.S.

*Israeli Headquarters in Lebanon Hit; Arafat Loyalists Battle PLO Rebels*

Compiled by Our Staff From Dispatches

TEL AVIV — The Israeli defense minister, Moshe Arens, said Monday that Israel would not give in to pressure during talks with the United States on the decision to redeploy troops in Lebanon, Israeli radio reported.

In Lebanon, meanwhile, guerrillas hit the headquarters of the Israeli forces in Sidon, demonstrating that Israeli troops will still be vulnerable after they take their new positions.

Unconfirmed reports carried by Beirut radio stations said that a Katyusha rocket was launched at the headquarters of the Israeli military governor in Sidon, 24 miles (38 kilometers) south of Beirut just behind the planned new front line.

"Yes, there is truth to the re-

port," an Israeli spokesman said. "Something was fired ... nobody was hurt."

Elsewhere in Lebanon, Syrian-backed rebels within the Palestine Liberation Organization fought against loyalists of Yasser Arafat, the PLO leader. And in Paris, President Anne Gemayel of Lebanon urged a UN referendum in areas of his country occupied by Syria and Israel to determine support for his government.

Mr. Arens said that President Ronald Reagan's request that he and Foreign Minister Yitzhak Shamir go to Washington immediately was not an ultimatum, but the radio quoted official sources as saying it "smacked a bit of hysteria."

Mr. Arens and Mr. Shamir are to leave Tel Aviv for Washington early Tuesday for discussions on the Israeli move, which the Lebanese government fears will result in the permanent partition of Lebanon into Israeli and Syrian sectors.

"I'm certain agreement will be found on matters of principle," Mr. Arens reportedly told the bipartisan Defense and Foreign Affairs Committee of the Israeli parliament. "If there is no agreement, we will not give in to pressure."

"We did not make the decision to redeploy [in Lebanon] with the intention of postponing its implementation," Mr. Shamir said in a television interview.

Mr. Arens said that Israel did not expect pressures from Washington to reverse the decision of the cabinet to pull its forces in Lebanon to consolidated positions in the south of the country.

But government sources quoted by Israeli radio said that Mr. Gemayel was hysterical over the issue and that Mr. Reagan apparently was afraid that the government could fall.

In Paris, Mr. Gemayel called Monday for a UN-sponsored referendum to be held in areas of Lebanon occupied by Syria and Israel to determine support for his government, which has been challenged by a newly formed alliance of opposition leaders. He said that a referendum would show the allegiance of the Lebanese people to the legitimate authority in Beirut.

Mr. Gemayel, who arrived in Paris from Washington, met for an hour with President François Mitterrand of France.

The PLO loyalists fought with guerrillas opposed to Mr. Arafat's leadership over the weekend in four villages around Chaitra on the Beirut-Damascus highway, breaking a three-week truce and leaving 12 persons dead and 23 wounded.

Government reports on the death toll were incomplete, but unofficial reports received outside Sri Lanka said more than 60 people had died in clashes.

Four hours after the curfew was declared, the streets of Colombo were littered with burned-out cars and buses. Army troops brought in to quell the rioting fired tear gas and chased looters.

The government said that in addition to the deaths in the capital, "several" civilians died in the city of Jaffna, 240 miles (380 kilometers) north of Colombo, where 13 Sri Lankan soldiers were killed in a guerrilla ambush Saturday.

The rioting in Colombo began Sunday night as news of the ambush reached the capital. Members of the majority Sinhalese population sought revenge for the attack, believed to have been carried out by rebels from the Tamil minority fighting for a separate state.

The Tamils are mostly Hindus and make up about 20 percent of the population of this largely Buddhist nation.



TRADE ACCORD SIGNED — Chan Zhaoyuan, the Chinese ambassador to Britain, and Margaret Thatcher, the British prime minister, celebrated Monday in London the signing of a trade accord providing telecommunication services for oil fields in the South China Sea. At the same time in Beijing, negotiations between the two countries on the future of Hong Kong were resumed after a two-week break.

## U.S. Sees Deficit Cut to \$82.3 Billion By 1988 Based on Stronger Recovery

The Associated Press

WASHINGTON — The Reagan administration said Monday that the stronger U.S. economic recovery would bring in additional revenues over the next five years to help reduce the federal deficit gradually to \$82.3 billion in 1988.

Even so, the administration, in its latest review, is still forecasting a record deficit of \$209.8 billion in this fiscal year, up less than the \$210.2 billion projected in April. The deficit stood at \$110.6 billion last year.

For the 1984 fiscal year, the administration is projecting a deficit of \$179.7 billion, which is \$10.6 billion less than the amount estimated in April. The revision is due to an expected increase in revenue to the government of \$14.7 billion and an increase in expenditures of \$4.2 billion. The 1984 fiscal year starts Oct. 1.

The administration's expectation of greater revenues flowing to the government is largely based on the revisions in its assumptions about the economy's performance, according to the review prepared by the Office of Management and Budget. The fresh economic forecasts predict that the economy will bounce back from the 1981-82 recession more quickly than most economists had expected early this year.

However, the latest deficit projections assume congressional adoption of the president's budget program presented in January, with modifications for changes already made.

"It cannot be a precise forecast because it assumes congressional approval, and no one can be certain exactly what Congress will do," said Edwin L. Dale, assistant director for public affairs for the Office of Management and Budget.

In its economic forecast, the administration said that it expected the economy to grow at an inflation-adjusted annual rate of 5.5 percent between the fourth quar-

ters of last year and this year. That is better than the 4.7 percent of the administration's spring forecast and the 3.1 percent expected when the 1984 budget was unveiled in January.

In the latest budget review, the administration projected that the deficits would decline from \$170.2 billion in 1985 to \$82.3 billion in 1988. Administration forecasts in the spring had put those deficits at \$184.6 billion and \$102.4 billion respectively.

The smaller deficits in the later years reflect the administration's plan for standby taxes to raise \$146.4 billion from fiscal 1986 through 1988 by imposing a 5-percent surcharge on personal and corporate tax payments and a \$5-a-barrel tax on oil. The plan provides for the taxes only if Congress makes additional reductions in spending programs and the economy is healthy. So far, the proposal has received a cool reception on Capitol Hill.

## Power System Defaults On \$2.2-Billion in Debt

The Associated Press

SEATTLE — The Washington Public Power Supply System defaulted Monday on \$2.25-billion worth of bonds that were later canceled. It was the largest bond default in U.S. history.

Chemical Bank of New York, trustee for the bondholders on the system's projects 4 and 5, said the power company consortium had handed over \$25 million in response to the trustee's demand.

"An event of default has occurred under the bond resolution for the projects," said William Berls, a vice president for Chemical Bank, which is based in New York.

A spokesman for the system said that Monday's default would not push the system to file for bankruptcy. He said the system's board "has said very clearly that even in the event of default, they have no intention of declaring bankruptcy."

On Friday, a state judge dissolved his order preventing default. After that, Mr. Berls said, the sys-

tem "admitted its inability to pay its debts generally as they become due for 4 and 5. That admission constitutes an immediate event of default."

Mr. Berls said, after the system's admission late Friday that it could not pay the debt, that Chemical Bank then demanded that the system hand over all money and securities held by the system and pledged under the bond resolution.

"In response to that demand, the supply system today transferred to Chemical Bank \$25.7 million of funds held by it in connection with the projects," Mr. Berls said.

Under terms of the bond resolution, any money that Chemical Bank secured from the system is to be used to pay expenses and liabilities of the bond fund trustee, the cost of operations and maintenance of the projects and the principal and interest on the bond debt, in that order.

In essence, Mr. Berls said, the entire \$25.7 million will be eaten up by the first two categories of expense, leaving little if anything at the moment for the bondholders.

(Continued on Page 2, Col. 2)



VICTIM OF A HEAT WAVE — A blind patient, center, is evacuated from a Chicago nursing home where weekend temperatures reached 105 degrees Fahrenheit (40.6 centigrade) in some rooms and were blamed for the deaths of four elderly residents. The U.S. heat wave, which has reportedly led to the deaths of 148 persons, continued Monday in the Southern states, but thunderstorms cooled the Midwest.

## Los Angeles Homeowners Off and Running for Olympic Gold

By Judith Cummings  
New York Times Service

LOS ANGELES — Like latter-day Forty-Niners, hundreds of Los Angeles homeowners are out to stake a claim on riches by renting out their homes during the Olympic Games.

Seeking renters for the duration of next summer's Olympics has become one of the hottest games in town. So far nearly 20 companies are matching town visitors with Southern California homes.

Cocktail parties from Brentwood to Pasadena are dominated by comparisons of how much one's house commands, or at least the list price.

A letter from Executive Home Leasing's files, on agitated stationery bearing a wealthy San Marino address, tells the story of many of their clients.

"When we mentioned to friends in May that we'd signed a possible rental contract with you, the noses went straight up," the letter said. "Never have I seen anyone sneer so obviously. What about your furniture? Your silver?" They stopped just short of saying, "low tacky." So, local rumor has it that the queen of Princess Diana have rented in Arcadia. My dear, the phone is ringing off the hook. It pains me, but we're giving them your number."

This kind of money comes mostly from corporations seeking a cost-is-no-object mission for the entertainment of important clients during the Olympics, scheduled from July 28 to Aug. 12, 1984.

More modest apartments and condominiums are going for \$200 to \$300 a night for four people, and other residents are offering bed and breakfast for as low as \$40 or \$50 a person a night.

In the spirit of what the Los Angeles Olympi-

Organizing Committee has said will be the first true "private enterprise" Olympics, with a minimum of government involvement, much of this entrepreneurial activity is being handled free-lance.

The Greater Los Angeles Convention and Visitors Bureau has compiled a list of 18 housebrokers that it provides on request to homeowners, but neither the bureau nor the committee has considered it necessary to officially oversee the activity.

Olivia Brayden-Abosch, president of Brayden Accommodations International — she dropped the word "Olympics" from the name at the request of the Olympic Committee — said the financial expectations of some homeowners are beyond realism. She cited a woman with a two-bedroom home in a comfortable though modest area who is asking \$25,000.

"And on top of that, she had a high anxiety level, like about her plants," Mrs. Brayden-Abosch said. "I said, 'Lady, if you're asking that much, you can hire somebody to come in and water them.'

Such anxieties seem far from the minds of Robert Baker, the president of a technical school, and his wife, Bonnie. The Bakers have listed their three-bedroom house in Playa del Rey, featuring a view of the ocean

and the Marina del Rey yacht basin, with Executive Home Leasing, which promises only corporate clients. The Bakers are asking \$8,500 a week.

All the talk about big money has not made everyone happy. People in the travel industry are mostly offering inexpensive rentals or host arrangements, often as barter for vacation trips, and they accuse the real estate brokers of exploiting the Olympics.

"We're sort of splitting ourselves from the real estate people because of these high-price promises on the market," said Craig Chandler of L.A. Housing for '84, another of the new agencies.

Executive Home Leasing disclaims the accusations. Merilee Reid, president of the company, which is searching out high-priced houses for many of the companies that are Olympic sponsors or suppliers, said the prices are comparable to those for suites in the best hotels and include comforts and privacy a hotel could not hope to provide.

She said all payments are handled by an escrow company. The leasing company takes a 20 percent commission, paid in equal shares by the homeowner and the renter.

At least one of the Contadora presidents, Belisario Betancur of Colombia, will be visiting Central America this week in preparation for a meeting of the Contadora and Central American foreign ministers in Panama beginning Thursday.

The Nicaraguans, meanwhile, issued their most flexible negotiating agenda yet last Tuesday, even as some Sandinist officials warned that Washington and its navy may be trying to turn the Gulf of Fonseca into the "Gulf of Tonkin" by forcing an incident or military confrontation that could prompt direct U.S. intervention.

Yet for all the movement toward the bargaining table there is still worry among many Central Americans that the most powerful player, the United States, is unsure of what it wants and how to get it.

"There is a sensation of confusion, of surprise," said a senior official.

El Tie global role of Brazilian automakers has helped them weather the recession. Page 3.

El South Africa creates controversy with a plan for a Namibian constitution. Page 5.

El Big U.S. cities still dump raw sewage into harbors despite a clean-water law. Page 3.

El A combative Georges Marchais, the Communist Party leader in France, challenges the government on the deployment of new nuclear missiles. Page 5.

BUSINESS/FINANCE

El Exxon Corp. reports its second-quarter profit rose 26.6 percent. Page 7.

El The British government plans to raise up to £500 million by selling some British Petroleum shares. Page 7.

## U.S. Planning to Expand Covert Intelligence Role Across Central America

### More Aid Set For Guerrillas In Nicaragua

By Philip Taubman

New York Times Service

WASHINGTON — The Reagan administration is preparing a major expansion of covert intelligence operations in Central America as part of a plan to increase U.S. military activities in the region, according to senior administration officials.

The plans, which officials said Sunday were being refined but had been approved in general by the White House, include stepped-up support for anti-government insurgents in Nicaragua and a campaign of sabotage directed against Cuban installations in Nicaragua.

The expanded program of paramilitary action, the officials said, would make the activities of the Central Intelligence Agency in Central America the most extensive covert operations mounted by the United States since the Vietnam War. Intelligence officials said that under the plans the rebel forces in Nicaragua that are supported largely by the CIA would grow significantly beyond the current total of about 10,000 men.

Administration officials said the Defense Department, which will provide military equipment and other supplies for use by the CIA as it increases operations, expects that the demand for certain kinds of assistance may be great enough to affect the combat readiness of some regular U.S. forces.

Specifically, they said the CIA's need for air transport to carry ammunition, weapons and other military equipment to Central America is likely to require the diversion of air force cargo planes from other high-priority missions. The CIA is also expected to use large quantities of communications equipment, as well as paratroopers and fliers for cargo and to call on the Defense Department for specialists in psychological warfare and advisers for special projects.

A White House spokesman, Sheila Dixon, said the White House would have no comment on reports about expanded covert operations in Central America.

The planning for increased covert action comes as the House of Representatives is nearing final action on legislation that would cut off covert U.S. support for the Nicaraguan rebels. Debate on the bill was scheduled to begin Tuesday and a vote is possible this week.

Information about the plans for covert action was obtained from officials familiar with the preparations who said they oppose expanded U.S. involvement in Central America. The information was confirmed by other administration officials.

The proposed legislation, which is named after its two chief Democratic sponsors, Representative Edward P. Boland from Massachusetts, the chairman of the House Intelligence Committee, and Representative Clement J. Zablocki, the chairman of the House Foreign Affairs Committee, would end U.S. financial and military support for the rebels that began in 1982.

Instead, it would allocate \$80 million in covert assistance over the next 14 months to Central American nations for use in trying to block the transfer of Soviet and Cuban arms that the administration has repeatedly said flow through Nicaragua to guerrillas in El Salvador.

Deutsche Bank

## New Mideast Envoy: Trusted Insider

**McFarlane, Habib's Successor, Served 3 U.S. Presidents**

By Steven R. Weisman  
New York Times Service

WASHINGTON — Robert C. McFarlane, who has been named by President Ronald Reagan to succeed Philip C. Habib as the U.S. chief Middle East negotiator, has won praise from so many quarters that many people reacted with dismay that he would be moving on another post.

In his job as deputy national security adviser, for example, Mr. McFarlane — a veteran of diplomatic and bureaucratic battles in three Republican administrations — is viewed inside and outside the White House as the indispensable negotiator with Congress, as in Mr. Reagan's recent uphill efforts to get money approved for the MX missile.

"More than anyone else in the administration, Bud McFarlane is the guy in this administration who has had the confidence of the members of Congress," said Representative Les Aspin, a Wisconsin Democrat. "He's the one guy who has been totally in command of the technical issues and the political nuances."

Another administration ally on the MX issue, asking not to be identified, said that he was "disgraced" that Mr. Reagan would

take Mr. McFarlane away from the MX and reassign him to concentrate on the Middle East, where the possibilities of progress are so unlikely.

One White House aide said he feared that the loss of that partnership could spell defeat for these initiatives. But a national security aide said that Mr. Clark planned to drop his own aloofness from congressional hearings to make up for the loss of Mr. McFarlane.

Mr. McFarlane is a retired Marine Corps colonel who has served behind the scenes at the White House in different roles since 1971, when he first joined the administration of Richard M. Nixon.

He was military assistant to Mr. A. Kissinger when Mr. Kissinger was national security adviser. Later he served as an assistant to Lieutenant General Brent Scowcroft when General Scowcroft was national security adviser to President Gerald Ford.

He has also served as a buffer and a go-between during periods of strain between William P. Clark, the national security adviser, and the group of pragmatic Republicans at the White House led by James A. Baker 3d, the White House chief of staff.

On several recent issues, Mr. McFarlane has forged a crucial partnership with Kenneth M. Duberstein, the congressional liaison

officer, that has won passage for Mr. Reagan's foreign policy initiatives.

Mr. McFarlane will continue to serve as deputy national security adviser, White House officials said Friday that it will be difficult for him to concentrate on nuclear arms, Central America and other issues that he has been involved in.

White House officials agree that Mr. McFarlane has emerged in the last year as one of the most trusted, influential and effective members of Mr. Reagan's foreign policy inner circle. Without question, he is also one of the most anonymous of Mr. Reagan's team players, routinely refusing requests for interviews and even declining to be photographed.

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Secretary of State Alexander M. Haig Jr. brought him in as counselor at the State Department in 1981. When Mr. Clark took the job of



Robert C. McFarlane

national security adviser in January 1982, he chose Mr. McFarlane as his deputy.

**Syrian Reaction Limited**

Syrian newspapers carried front-page reports that President Reagan had named Mr. McFarlane to succeed Mr. Habib, but editorial reaction was limited. The Associated Press reported from Damascus:

"The issue is not in the identity of the U.S. envoys but rather in the identity of their missions," said Tishrim, the government newspaper.

## U.S. Allies Confused in Caribbean

(Continued from Page 1)  
Honduras seeks "is not precisely that the [Nicaraguan] government should fall but that it should democratize itself."

The role of the Reagan administration's recent appointees like Richard B. Stone, the special U.S. envoy to the area, and Henry A. Kissinger, who heads a bipartisan commission, have also befuddled both friends and opponents of U.S. policy in the region.

Diplomats are asking each other what the relationship between Mr. Kissinger and Mr. Stone will be, and government officials in this and other countries have begun to talk of Mr. Stone as essentially a lame duck.

"Poor Stone seems to be left with his legs broken in the middle of the road," one Honduran politician said.

Washington's proposed increase in financial support for anti-Sandinist rebels fighting to overthrow the Nicaraguan government is also an object of speculation and concern here.

As one military official put it, by keeping a "covert" wrap on the operation but pressing for ever bigger commitments, Washington could create a situation that could leave Honduras in an untenable position.

## N. Korea Rejects Talks On Reuniting Families

The Associated Press

TOKYO — The North Korean Red Cross has rejected a proposal by South Korea to reopen decade-old talks on reuniting an estimated 10 million families separated during the 1950-1953 Korean War, the North's official Korea Central News Agency reported Monday.

It said that the North Korean Red Cross Society issued a statement Sunday calling the South Korean proposal "a masquerade under the veil of humanitarianism under which lurks a sinister political purpose."

## U.S. Plans Expanded Covert Actions

(Continued from Page 1)  
can-controlled Senate is unlikely to pass the same legislation.

The administration's plan to expand covert activities also comes at a time when reports from Nicaragua suggest that the CIA-supported rebels have made little headway against the Sandinist government and appear to have galvanized popular support for the government rather than undermining it.

Reagan administration officials, however, contend that the rebels, by forcing the government to divert military forces and other resources into combating the insurgents, have hurt the Sandinists and pushed them toward joining negotiations aimed at reducing regional tensions.

Last week, Daniel Ortega Saavedra, the coordinator of the governing Nicaraguan junta, proposed regional negotiations on ways of easing military tensions, the ending of military support for insurgents in El Salvador and elsewhere, and the banning of foreign military bases and training in the region.

The Reagan administration described the proposal as a "positive step," but noted that it had "serious shortcomings."

The planned increase in covert activities directed against Nicaragua is likely to add to the debate in Congress about the aims of U.S. intelligence operations in Central America.

When the administration began aiding the rebels in 1981, intelligence officials told Congress that the primary purpose was to create a paramilitary force that could intercept arms shipments from Nicaragua to El Salvador. Later, as rebel operations grew, intelligence officials told Congress that the insurgents would also harass the Nicaraguan government.

Congressional opponents have argued that the true aim of the administration's Nicaraguan operation is to overthrow the Sandinists, a goal that would be in violation of a law passed in 1982 that prohibited any U.S. support for efforts to oust the Nicaraguan government. The Boland-Zablocki bill grew out of this concern.

The U.S. ambassador to Nicaragua, Anthony C. Quainton, said

that U.S. policy "is not to topple the Sandinista government." He added, "Our policy is to try and modify its behavior in some substantial ways which are consistent with our interests and our vital security concerns throughout Central America."

Mr. Quinton said that there are "at least 6,000 Cubans in Nicaragua today." He added that several thousand are "engaged in direct training for the security service, for the military forces of the Nicaraguan government."

Plans to sabotage Cuban installations in Nicaragua grew out of a growing concern about the Cuban

## Departing U.S. Envoy Predicting A Long Stalemate in Afghanistan

United Press International

WASHINGTON — If Afghan rebels remain effective militarily and the Russians keep up their troop commitment, the Soviet Union could be bogged down in the war until the end of this century, the departing top U.S. diplomat in Afghanistan says.

But Charles Dunbar, who recently returned to the United States after 16 months as the chargé d'affaires heading the embassy in Afghanistan, told U.S. News & World Report in the magazine's issue released Sunday that it is reasonable to expect something to happen to break the standoff sooner than the end of the century — most likely a rebel action the Soviets find intolerable.

Mr. Dunbar said the war could drag on if the Russians keep their 105,000 troops in Afghanistan and if the rebels remain "extremely effective militarily and less so politically."

"The conventional wisdom is

that the Soviets would have to bring in something in the order of a half-million men if they were to hope to do a great deal more than they are now in the way of suppressing the resistance," he said.

Doing that, he said, would increase military costs to the Russians, who have been in Afghanistan since December 1979, and worsen diplomatic strains with the rest of the world.

**Nkomo May Lose Seat In Zimbabwe**

United Press International

HARARE, Zimbabwe — Joshua Nkomo, the opposition leader who secretly left the country in March, now faces an effort to deprive him of his parliamentary seat, a government official said Monday.

Edison Zvogbo, the minister of legal and parliamentary affairs, said Mr. Nkomo had until Friday to return and make an appearance in Parliament. Under Zimbabwe's constitution, any member who misses 21 consecutive sittings days without permission from the speaker of Parliament runs the risk of losing his seat, he said.

Mr. Zvogbo said he planned to make a motion declaring Mr. Nkomo's seat vacant after Friday's deadline expired.

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**Swiss Foreign Population Up**

United Press International

BERN — Switzerland's population was 6,423,100 as of Jan. 1 with slightly more foreign residents than last year, up .6 percent to 15 percent of the total, the Federal Bureau of Statistics reported Monday.

The U.S. ambassador to Nicaragua, Anthony C. Quainton, said

## Looking to His Legacy, Deng Takes On Image Of a Dynamic Leader

By Michael Weisskopf

Washington Post Service

BEIJING — After years of reshaping China from behind the scenes, Deng Xiaoping is emerging with a heroic public image to match his political power.

From newspaper photographs depicting his revolutionary youth to an officially sponsored sensation over his writings, Mr. Deng for the first time is being cast as a dynamic leader of historic significance.

The star billing falls short of the adulation once accorded Mao Tse-tung, but it fits somewhat oddly on Mr. Deng, who always opposed Mao's cult of personality and shunned the spotlight himself as he worked backstage on the reform programs that are his trademark.

Diplomats believe the sudden celebration of Mr. Deng has less to do with vanity than with the requirements of China's political culture. At 79, he is working out a legacy to bolster his hand-picked successors.

"The legacy of great deeds gives your protégés the high moral ground in any succession debate and puts the masses on their side," said a Western analyst. "Deng is building himself larger than life to set the terms for the inevitable debate."

Although Mr. Deng clearly is the prime mover of post-Mao China, he has contented himself with modest portfolios as chief of the Military Commission, head of an advisory council and member of the Politburo's elite Standing Committee.

With his protégés now secure and his reforms taking root, however, he appears to be carving out a place in history for himself to make sure his imperial outlines him.

In May, Mr. Deng was called on to inscribe a huge granite monument in his home province of Sichuan commemorating one of the famous battles of the Long March of the Red Army to the caves of Yan'an in 1934-35.

His reputation as a strong military figure was reinforced in June, with a half-page spread of photos in the People's Daily illustrating his rise from guerrilla fighter in the 1930s to military planner in the 1940s to commander in chief during the Korean War in the 1950s.

An Iranian commander issued Sunday afternoon said Iranian forces had captured six more Iraqi positions. It said 3,800 Iraqi troops had been killed or wounded and 150 captured since the offensive began Saturday.

Earlier, official reports said Iranian forces were consolidating their positions, shelling Iraqi lines and laying siege to an Iraqi garrison at Chumun Mustafa, south of the main fighting.

An agency's report gave no fresh news from the battlefield. But in Tehran, foreign reporters were invited to visit the battle zone, a sign that fighting might be easing.

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The official news media claimed that two million copies of the rust-colored book were snatched up in the first 10 days as long lines formed outside bookstores. Reports of reader reaction from the generally apolitical Chinese public sounded suspiciously rehearsed, however.

According to one report, Shanghai shipyard workers began discussing the book's merits on the morning of its release.

The military commander, Li Sheng, who has opposed some of Mr. Deng's reforms, wrote that the writings reflect "the vision and sagacity of a mature Marxist and the superior skill in the leadership of a proletarian politician."

A Politburo member, Yang Shangkuang, credited Mr. Deng with creating "a model for the union of revolutionary soul and the realistic spirit."

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Although details, schedules and locations have not been announced, Western diplomats view the maneuvers as a significant development in the growing unity of the Gulf states that indicates an increasing commitment to protecting their own oil fields.

The operation appeared to be more limited in size and aims than previous Iranian offensives farther south in the open plains of the oil province of Khuzestan.

This appeared to be in keeping with a policy statement by the speaker of Iran's parliament, Hassan Khatami, after the fast Iranian offensive.

Noting that five other offensives had not made great progress, he said Iran would concentrate on waging a war of attrition while making limited advances on the battlefronts where possible.

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Put us to the test.

## WORLD BRIEFS

### Craxi Consults Economic Lobbies

ROME (Reuters) — The Italian prime minister-designate, Bettino Craxi, negotiating to form Italy's first Socialist-led government, was consulting economic lobbies Monday after an encouraging first round of talks with other politicians.

President Sandro Pertini asked Mr. Craxi last Thursday to form Italy's 44th postwar government after the Socialist won 11.4 percent of the vote in the June elections.

In two days of talks with the nine parliamentary parties, Mr. Craxi, 49, obtained a general consensus for his proposed coalition, except from the opposition Communists, the second-largest party, and the small Proletarian Democracy. Experts from the parties likely to form a coalition were due to start sketching out a program for the new government in preparation for Mr. Craxi's second round of talks with politicians on Wednesday, political sources said.

### Chad Gets First Supplies From U.S.

NDJAMENA, Chad (AP) — The first shipments of \$10 million in U.S. military support equipment were delivered Monday to the Chad government, whose forces are preparing a drive on a rebel-held stronghold in northern Chad.

A U.S. Air Force C-141 transport plane landed at Ndjamena's international airport Monday with what were understood to be the first military supplies sent directly by the United States in Chad's 18-year-old civil war.

Two U.S. transport jets are expected daily with clothing, tents, food, fuel, jeeps and other vehicles.

According to the party's theoretical journal, Red Flag, Mr. Deng "didn't tarnish Mao's image but recovered it from the godlike state and made it human again."

The military's influential Liberation Army Daily went a step further, saying Mr. Deng "safeguarded Mao's historic position under new historical conditions and upheld and developed Mao Tse-tung's thought."

According to the party's theoretical journal, Red Flag, Mr. Deng "didn't tarnish Mao's image but recovered it from the godlike state and made it human again."

Almost all of the most outspoken leaders of the banned Solidarity independent trade

## New Global Role in Industry Helps Brazilian Automakers Weather the Recession

By Jackson Diehl  
Washington Post Service

**SAO BERNARDO DO CAMPO**, Brazil — The scenes of depression in this auto town — its empty hangars, its silent production lines, its pothouse soup kitchens — have a peculiarly international tone.

Sao Bernardo, home of Ford and an exit or two down an eight-lane freeway from General Motors, is really not far from Detroit.

When the recession reached here in 1981, about 15,000 workers for Brazil's big three automakers — Volkswagen, Ford and GM — lost their jobs. Production dropped by 32 percent in a year, and the three companies lost a total of \$223 million.

Like their parents in the United States and Europe, Brazil's automakers have found that the crisis has accentuated a move toward a fundamental industry shake-up. But in this southern smokestack landscape, studiously modeled along the postwar lines of the industrialized nations in the North, the features of change are tellingly different. Despite the hard times, the Brazilians still provide a vital link in the global automaking effort.

Tucked into the multiple complexes of Ford Brazil are a sparkling new assembly plant and new shops for painting and stamping parts. Across town, a sign with GM's familiar logo marks a new, high-technology engine factory that is crating motors for Buicks, Pontiacs and Chevrolets in Europe and the United States.

While the industrialized world has suffered

ment behind them, is the sign of what has changed for Brazil's basic industries and their once-dominant tutor abroad.

For a generation, auto producers in Brazil have been leaders in a vast expansion of the country's economic power. They have been symbols of a development aimed at consumption and heavily supported by foreign investment, particularly by multinational companies.

But Brazil's economic crisis and the collapse of the long boom have ended that kind of growth. Meanwhile, the automakers increasingly have moved to integrate their production with that of factories in the industrialized West and to make use of Brazil's advantages in resources, modern equipment and cheap labor.

The result is that Brazil has been slowly redefined in international terms from a supplier of coffee, food and raw materials to a producer of basic industrial goods.

The shift in auto production can be traced to 1972, when producers led by Ford persuaded the government to allow them to import some equipment and parts at low cost. In exchange, they agreed to export \$3 worth of products for every \$1 worth of imports. The program soon spread to other major industries, even as auto-

makers began to export on an important scale for the first time.

For Ford and GM, the breakthrough developments have come in the past three years. Not only did the American corporations decide to make large investments for new plants and equipment; they also moved to introduce the production of "world cars" in Brazil.

The "world car" is important mainly for its production system. For Ford and GM, it means that factories in different parts of the world are associated in the production of a single model or type of car. Rather than build an engine plant at each assembly site, for example, the companies invest in one or two large factories and then export the motors to other areas.

It is a shift that many experts view as decisive in shaping the growth of the country and its future economic and political relationships with established powers such as the United States.

Until recently, Brazil emphasized an industrial growth based on its urban middle-class workers and consumer goods. Because that market is so large, and was so undersupplied 20 years ago, the strategy ignited one of the developing world's longest and biggest growth spurts in the 1960s and 1970s.

As in the United States after World War II, the expansion was founded most broadly on the automobile. Beginning in the 1950s, Brazilian governments emphasized the highway and the passenger car as the prime means of transportation. Then President Juscelino Kubitschek began a program of requiring gradually higher levels of locally made products in automobiles, while restricting imports.

Major auto companies had no choice but to build assembly plants if they wished to sell to the large Brazilian market. By 1959, the first Volkswagen Beetle was produced in Sao Bernardo, and by 1960 a whole industry had blossomed. The number of auto-parts manufacturers grew in three years after 1957 from 700 to 1,200, and fledgling companies produced 32,000 cars.

"It was a historic development," said Gus Diniz, a Brazilian economist who is executive director of the Rio de Janeiro American Chamber of Commerce. "For Brazil, it was like the glory days of NASA in the United States. Whole new industries were born, and there was a tremendous excitement about what was happening."

For a dozen more years — until oil prices

began to rise — the auto industry expanded almost exclusively on the strength of Brazil's internal market.

Increasingly, the rapid expansion was influenced by multinational companies. Ford and Volkswagen bought out small producers and for the past decade the passenger-car market has been composed of four large companies — Ford, Volkswagen, GM and Fiat.

The growth has been so fast, however, and so many firms — in and out of the auto industry — have entered the Brazilian market, that much of the production has been inefficient. Consequently, the two-year-old recession is producing an important shake-up of multinational companies and Brazilian industry as a whole, analysts say.

But the benefits accruing to multinational auto companies from producing in Brazil are clear. Brazilian autoworkers, considered relatively privileged by blue-collar standards here, earn about \$4 an hour. That is only a fraction of the cost of labor in the United States and Europe, and permits Brazilian plants to compete with new Japanese and West German factories heavily stocked with robots.

Next: The computer revolution.

## EC Will Get Proposals For Farm Subsidy Cuts

By Philip Stephens

**BRUSSELS** — Plans for major cutbacks in the European Community's farm subsidies, aimed at freeing more cash to encourage economic recovery, will be unveiled this week by the European Commission.

The proposals, to be completed

**Britain Said To Fear Raids By Armenians**

United Press International

LONDON — British diplomatic missions abroad are increasing security to guard against the possibility of extremist attacks to avenge an eight-year sentence a London court passed on an Armenian, Zaven Bedros, police sources said Monday.

Mr. Bedros, convicted of illegal possession of firearms with intent to endanger life, said he was on a mission for the Armenian Secret Army for the Liberation of Armenia, known as ASALA, to seize the Turkish embassy and gain the release of Armenian prisoners in Turkey.

The sentence was passed Saturday by the Central Criminal Court after a 17-day trial.

ASALA claimed responsibility for explosions last Thursday at the French Embassy and the Air France office in Tehran.

That action followed the arrest in France of more than 50 Armenians in connection with a bomb attack 10 days ago at Paris's Orly Airport that killed seven people. ASALA threatened further attacks unless those detained were released.

Scotland Yard sources said ASALA could be considering similar action against British targets.

They said British diplomatic missions and airline offices were alerted as well as London's Heathrow and Gatwick airports.

in three days of talks starting Tuesday, focus on sharp cuts in costly support programs for dairy, cereal, beef, and oilseed producers, officials said.

The aim is to reduce by up to 20 percent the \$14.5-billion annual payout to eight million farmers, which has caused a financial crisis for the EC.

More money could then be channeled into social, regional and industrial programs, in an effort to promote an economic upturn.

The officials said the plan would provide the framework for five months of intensive bargaining among the EC's 10 governments, scheduled to culminate at a summit meeting in December with long-term reform of EC finances.

"We are looking to put the lid on agricultural spending," said a senior official closely involved in the talks. "There can be no more open-ended guarantees to farmers."

Farm subsidies use up about two-thirds of the EC's total budget, mostly to store and sell off the surplus of products like milk, butter, wheat and wine.

Most of the subsidies are part of EC legislation, and past attempts at EC legislation, and past attempts at economic savings have failed.

Last week the EC's finance ministers were forced to push through an emergency budget of \$2 billion to prevent bankruptcy later this year. More than three-quarters of the emergency budget is allocated to farm subsidies.

Officials said the EC was studying an unprecedented cut in guaranteed prices for milk farmers, new taxes on dairy surpluses, ceilings on subsidies for cereal producers and lower payments to beef producers.

The officials acknowledged, however, that the proposal would meet stiff opposition among members with large farming sectors, notably France, Ireland and Italy.

The commission would thus be under pressure to also propose new limits on imports of agricultural produce, they said.

Options under study include limits on imports of maize gluten feed from the United States, taxes on imports of oilseeds and greater restrictions on beef imports.



EMERGENCY LANDING IN CANADA — An Air Canada Boeing 767 was forced to make an emergency landing in Gimli, Manitoba, when it developed fuel problems. The sports cars had been using the abandoned landing strip as an auto-racing track.

## Boston and New York, Despite Law, Continue to Dump Untreated Sewage

By Dudley Clendinen

New York Times Service

BOSTON — Eleven years after U.S. Congress approved legislation to clean up the nation's waters, the Atlantic Coast's two largest metropolitan areas, Boston and New York, are still releasing billions of gallons of untreated sewage into their harbors each year.

And the federal agency charged with enforcing the legislation, the Environmental Protection Agency, says it has no idea how many coastal cities are complying with the law, which orders all sewer systems emptying into marine waters to provide at least secondary treatment of sewage wastes.

In Boston, the apparent threat to public health has made a state court judge determined to find and enforce a solution.

Experts say that repairing the metropolitan Boston system and raising its treatment to the secondary level could cost \$1.5 billion and would come at a time when the state share of such capital improvements is scheduled to drop from 75 percent or more to 55 percent, as it will in 1985.

Boston, which discharged 12 billion gallons (45 billion liters) of untreated sewage into its own waters last year, is not alone among coastal cities with old and patchwork systems that are prone to failure or function at lower levels of treatment than required by federal law. But public safety began turning to disgust last summer when the sewage invaded public beaches.

For William B. Goldman, the solicitor of the city of Quincy, just south of Boston's harbor, the final insult came one morning when the young lawyer went down to run along the shore. It was low tide, and in the pale dawn he saw what he took to be a scattered gleaming of jellyfish, all down the beach.

To his revulsion, Mr. Goldman discovered that "they weren't jellyfish. They were little patches of human waste, and patches of grease."

From that experience has come a

lawsuit dramatizing the gross pollution of Boston's rivers and harbor.

New York City has made more progress, but problems still remain. The city, which has spent \$2.2 billion in the last decade to upgrade 50 of its plants, had to close all public beaches in Brooklyn, Queens and Staten Island two years ago when one of two old plants in Brooklyn failed.

The city system still releases 200 million gallons of raw sewage into its harbor every day, the same amount as it did 10 years ago, says Andrew McCarthy, a spokesman for the city's Department of Environmental Protection.

The history and structural problems of the Boston and New York systems are the same and are shared by other old American coastal cities. Installed primarily in the 19th century and extended as the population grew, the pipes and tunnels were built to receive both sewage and storm water. The two mixed in the pipes, which poured them into the rivers and harbors, to be carried away by the outgoing tide.

In the metropolitan Boston area, the system evolved as 5,000 miles (8,000 kilometers) of pipe owned by 43 separate cities and towns. They feed into 200 miles of pipes and tunnels operated by the Metropolitan District Commission, a state agency, which did not build its first sewage treatment plant until 1953, on Nut Island, in the harbor.

The second plant, on Deer Island, was built in 1968. Both were built only to provide primary treatment, the separation, reduction and chlorination of the solids and liquids in the sewage — and not

secondary treatment, which further reduces the demand for oxygen by treated wastes after they are released.

The joint capacity of the two systems is less than the volume carried by the pipes when it rains.

There are also illegal connections and infiltration by groundwater, and when the volume is too great for the piping network, the overflow discharges through more than 100 outfalls along the rivers and harbor front.

The city system still releases 200 million gallons of raw sewage into its harbor every day, the same amount as it did 10 years ago, says Andrew McCarthy, a spokesman for the city's Department of Environmental Protection.

The Federal Immigration and Naturalization Service says 500,000 Salvadorans, equal to 10 percent of El Salvador's population, are living in the United States.

The government has refused.

Most of the Salvadoran refugees in the United States, it says, are here for economic reasons, not fear of political persecution.

Duke Austin, a spokesman for the Immigration Service, said that Salvadorans usually entered the United States by crossing the border from Mexico illegally.

Lydia Savoyka, an immigration specialist in Manhattan for the U.S. Catholic Conference, said the agency received hundreds of requests from Salvadorans for political asylum each week.

"They line up in my office every morning," she said. "These people

## Illegal Salvadoran Refugees in U.S. Say Asylum Is Life or Death Issue

By Philip Shonan

New York Times Service

**NEWARK, NEW JERSEY** — The Portillo family passed around the photographs of the coffin Sunday morning.

"This was my father," said Jose Portillo, pointing to the body in the simple wooden box. "Military or guerrilla. I don't know which, broke into the house in 1981 and took my father and tied his hands behind his back. Then they shot him. I don't know why. My father was a farmer, not a politician. We could not stay in El Salvador after that."

Mr. Portillo, 25, and 14 members of his family have fled the violence and poverty of El Salvador and settled here, nine of them illegally.

They are among tens of thousands of Salvadoran refugees who have reached the New York metropolitan area since 1980.

The Federal Immigration and Naturalization Service says 500,000 Salvadorans, equal to 10 percent of El Salvador's population, are living in the United States.

The government has refused. Most of the Salvadoran refugees in the United States, it says, are here for economic reasons, not fear of political persecution.

Duke Austin, a spokesman for the Immigration Service, said that Salvadorans usually entered the United States by crossing the border from Mexico illegally.

They could stay in Mexico, free from persecution, but they don't because they want the economic opportunity offered in the United States," he said.

Salvadorans have settled in large

## Madrid Delegates Weigh Acting Without Malta

By Brian Mooney

Reuters

MADRID — A senior U.S. diplomat said Monday there is increasing talk of bypassing Malta if it continues to block a final accord at the Conference on Security and Cooperation in Europe.

Edward Killian, acting chief of the U.S. delegation, said: "There is a strong sentiment in that direction."

East and West have taken nearly three years to put together a final document on human rights, security and other matters.

Malta has stalled agreement on the document for 10 days by exploring the rule of consensus that has governed all European security conference gatherings since the preparatory meetings for the 1975 Helsinki conference.

The Maltese are holding out, in defiance of Western countries and the Soviet Union, for a follow-up conference on Mediterranean security involving all countries of the area.

If their filibuster continues up to the scheduled Sept. 7-9 closing cer-

emony to be attended by foreign ministers, the remaining 34 nations involved could think of adopting the document without Malta, Mr. Killian said.

He said, however, that the U.S. is opposed in principle to a consensus of only 34 nations. Such a move would create a potentially dangerous precedent for the conference and is likely to be a last resort.

The Maltese delegate, Evarist Saliba, said Monday he saw "absolutely nothing" that led him to believe there was a way out of the impasse.

He said he was aware of the possibility of an agreement without Malta, but said there would be strong resistance from smaller countries.

There is nothing to prevent the 34 from adopting the document. But it would not be the CSCE any longer. They would have to call it CSCE two," he said.

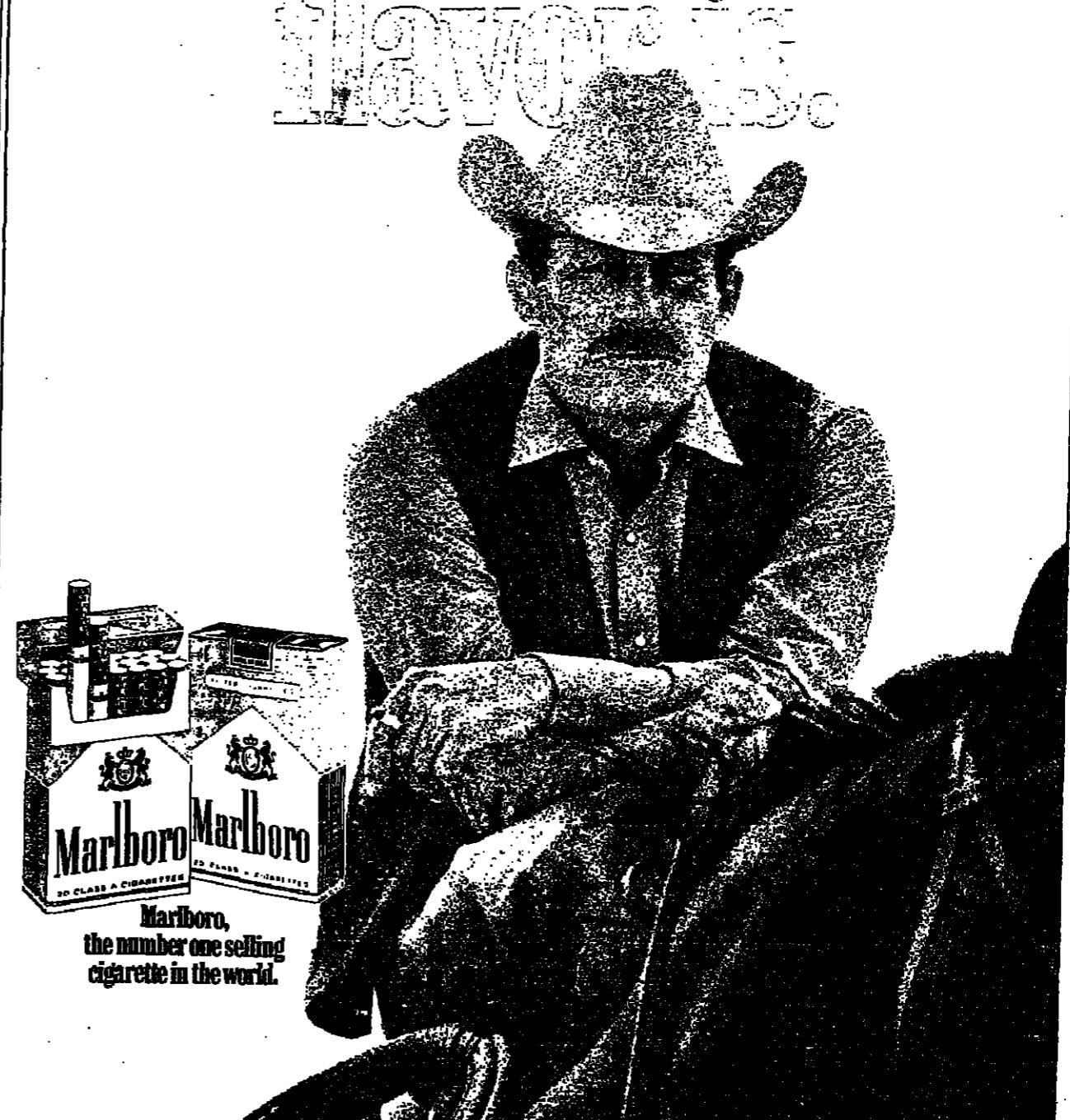
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Jean Mongeard, president of the Vosne-Romanée winegrowers' union, assessing the damage to the Vosne-Romanée vineyard after Sunday's hailstorm in Burgundy.

### Hail in Burgundy Wipes Out Part of Wine Crop

Reuters

**PARIS** — A brief but violent hailstorm destroyed up to 95 percent of this year's harvest in several leading French vineyards in Burgundy and Alsace, winegrowers said Monday.

For three minutes on Sunday, the size of large marbles pelted the rich Burgundy region south of Nuits-St-Georges, ravaging vineyards that normally produce some of the most select and expensive red wines in the world.

Burgundy winegrowers estimated that they would lose 16 million bottles of wine because of

the storm at a cost of 100 million francs (\$13 million). The hail virtually wiped out the year's crop of Romanée-Conti, a red Burgundy that is grown on only two hectares (five acres) of land and yields only 6,000 bottles in a good year.

At nearby Clos Vougeot, the storm hit 75 percent to 80 percent of the vines, destroying what had promised to be an exceptional vintage after this year's heavy spring rain and hot summer sun.

In Alsace, where hail hit 1,000 hectares of vineyards producing Riesling and Gewürztraminer, winegrowers said the losses would include the fine wines produced in the region south of Colmar.

### Combative Marchais Challenging Mitterrand on Missile Deployment

By Michael Dobbs

Washington Post Service

**PARIS** — Georges Marchais is one of those naturally combative politicians who much prefer to disagree with a proposition than to agree with it.

He seems uncomfortable in the role that he has been obliged to play for two years: the responsible leader of a Communist Party seek-

#### NEWS ANALYSIS

ing to acquire a respectable image by serving as a junior partner in a Socialist-led coalition.

In recent weeks, Mr. Marchais has appeared to slide back naturally into his old role as the great irritant of French politics.

Taking the central political controversy of the year — the deployment of a new generation of nuclear missiles in Europe — he has gradually moved from a position of appearing to support President François Mitterrand to sharply disagreeing with him.

Yet he has managed to foster the impression that he is standing up to the Kremlin. During a visit to Moscow this month, Mr. Marchais made much of forcing the press agency Tass to retract an item reporting that he held "views identical" to those of Yuri V. Andropov, the Soviet leader.

"You know how intransigent I am," he boasted to French journalists.

Political commentators believe Mr. Marchais's principal aim has been to strengthen his grip on the Communist Party and rekindle the enthusiasm of rank-and-file activists disillusioned by the alliance with the Socialists.

The central fact to emerge from weeks of tortuous political maneuvering is that the French party now supports Soviet demands for the inclusion of French and British nuclear weapons in the Geneva talks on intermediate-range nuclear missiles.

Mr. Mitterrand's position, which is shared by the United States, is that French nuclear forces have no place in the Geneva talks.

His reasoning is that the French missiles constitute a strategic deterrent under independent command rather than an intermediate nuclear force comparable to the Soviet SS-20s or the Pershing-2, and cruise missiles that the United States plans to deploy in Europe beginning in December.

At first, Mr. Marchais seemed to accept this position, or at least he concealed his differences with Mr. Mitterrand in the interests of government unity. With the approach of the deadline for the deployment of the U.S. missiles, the Communist Party's position on de-



Georges Marchais

speech last week, Mr. Marchais said: "One cannot say to the Americans, 'You can count on us,' and at the same time say to the Soviets, 'You don't have the right to count on us in one side or the other.'"

The closeness of the French Communist Party's new position on the missile issue to that of Moscow appears to have been deliberately disguised by well-publicized reports of differences between the two sides.

French specialists in Communist affairs echo the view of Michel Tati, writing in *Le Monde*, who described the disagreements as largely artificial.

Mr. Marchais has emphasized his support for maintaining France's independent nuclear deterrent at its present level. But, as the communiqué that he signed with Mr. Andropov in Moscow made clear, the Soviet Union is not asking for a reduction in French forces. What it wants is to be allowed to offset them with its own SS-20s.

Mr. Mitterrand has responded to French commentators describe as an evolution. It coincided with a series of statements by Mr. Mitterrand reaffirming France's commitment to the Atlantic alliance.

As a protest for his turnaround,

Mr. Marchais signed on the statement signed by Mr. Mitterrand and other Western leaders in Williamsburg, Virginia, on May 29, that emphasized the "indivisible" nature of Western security.

Three days later, the Communist leader said that "after Williamsburg" France could no longer insist that it was not concerned with the negotiations in Geneva.

Driving his point home in a

hard-line speech last week, Mr. Marchais challenged the Communists to repeat the official line. Questioned on the subject during a recent television interview, he said: "Everything concerning national independence and our territorial integrity will be decided neither in Moscow, nor in Washington, nor in Geneva, but in Paris and by myself."

The Communists, however, have made clear that they intend to come to press the issue. The party plans more demonstrations in the fall as a follow-up to a rally attended by 50,000 to 100,000 people in Paris last month.

### N.Y. Reassessing Free Shows in Park After Rampage at Diana Ross Concert

United Press International

**NEW YORK** — New York City's Parks Department is reviewing its policy of holding free concerts in Central Park because of a rampage by gangs of youths who robbed and assaulted concertgoers Friday after a concert by the singer Diana Ross. About 350,000 people attended the concert.

The youths snatched gold chains from people as they left the concert and terrorized patrons of a parkside restaurant, Tavern on the Green. One person who resisted a robbery was stabbed and police shot his attacker.

"When bad things happen, as with the aftermath of the Diana Ross concert, we've got to take a long, close look," said Adrian Benepe, a department spokesman. "A couple of hundred individuals —

hard-core criminals — gave an otherwise joyful event a black eye."

One alternative may be to hold concerts with less well-known performers, which officials believe would mean smaller crowds that would be easier to control.

**Pakistan Seizes 2 Missiles**

The Associated Press

**ISLAMABAD, Pakistan** — Two surface-to-air SAM-7 missiles were seized Sunday in a raid on a private house in Lahore, 180 miles (288 kilometers) southeast of here, police reported Monday. The owner of the house was identified as Afzal Gul, a lawyer. Police said that his political affiliations, or the reason for possessing the missiles, were not immediately known.

### Namibian Constitution Planned by South Africa Is Seen as a Delay Tactic

By Allister Sparks

Washington Post Service

**JOHANNESBURG** — South Africa has created a controversy by proclaiming a unilateral plan for drafting an interim constitution in the disputed territory of South-West Africa, but senior Pretoria officials deny that the proposal is designed to delay a settlement.

Some observers who are critical of the South African government see the action as evidence that Pretoria might try to put off a political settlement in the territory, also known as Namibia, if the United States achieves a pullout of Cuban troops from Angola.

The presence of Cuban forces in Angola, which borders Namibia, has been regarded as the last remaining obstacle in reaching an agreement under which South Africa would surrender control of the territory.

In interviews last week, senior South African officials insisted that the plans do not cut across the efforts of a group of Western nations, led by the United States, to arrange a settlement. The United States appears to be treating the latest South African move as a non-event.

South Africa has been under international pressure, including several United Nations Security Council resolutions, to give up its mandate for rule, which was originally conveyed by the League of Nations.

The government officials said that there is no thought of trying to draft a constitution for independence, but merely an interim document for administering Namibia more effectively until it becomes independent.

The proclamation about the constitution was issued last Monday by Willem van Niekerk, South Africa's administrator-general in Namibia. It empowers him to name 50 members from the territory's 40 odd political parties to a state council.

The council is to draw up proposals for an interim constitution, which will be put to a referendum in Namibia. There is, however, no commitment to implement the constitution if the voters endorse it.

"It is a pointless exercise if you are expecting a settlement and make sense only if you are not," said John Kirkpatrick, a Windhoek official who has been involved in negotiations from the outset.

"Whatever the state of the negotiations, we have to do something to stop the place falling apart," he said.

Kenneth Abrahams, editor of the *Namibian Review* and also a politician, thinks the settlement delayed to give it time to recover from the deep divisions among Afrikaners resulting from Prime Minister P. W. Botha's ploughing reforms.

If, as is likely, the South-West Africa People's Organization, called SWAPO, were to win a pre-independence election, it would be damaging for Mr. Botha. The organization has been waging a guerrilla war to west Namibia from South African control.

At the moment, the United States supports South Africa's insistence that Cuban troops must be withdrawn from Angola first. But without that support, some critics think Mr. Botha will search for other delaying tactics.

Mr. Botha, who dissolved Namibia's national assembly last January after it failed to become strong enough to take on SWAPO, now faces the problem of how to keep the parties active and alive during such a delay.

In the meantime, Mr. Abrahams believes, the proposal for a state council "is to give them something to do so that they don't atrophy to the point where they cannot oppose SWAPO if ever unsupervised elections are held."

Other political analysts see in the proposal a possible shift by South Africa toward more aggressive strategies, but Pretoria officials, in interviews, maintain that the decision to set up the state council is a purely internal matter to meet internal needs.

"It is in all sincerity not an alternative to an international settlement," said Mr. van Niekerk, chief aid, Sean Cleary, from Windhoek. "It is a constructive use of the time while we await developments."

Mr. Cleary said forming a state council would give Namibia's political leaders valuable experience in addressing the issues of a constitution for independence.

Another senior official contended that frustration caused by prolonged negotiations has brought the territory close to a political and administrative breakdown that requires urgent attention.

"Whatever the state of the negotiations, we have to do something to stop the place falling apart," he said.

### Nigerian Parties Fight For Pivotal Kano State

Reuters

**KANO, Nigeria** — Nigeria's three major parties are locked in a contest for control of northern Nigeria's most populous area, which could determine the outcome of next month's presidential elections.

With a population of more than 10 million, roughly one-eighth of Nigeria's total, Kano state has the largest number of registered voters in the country.

Changing political allegiances within two of the three major parties in Kano, coupled with religious and tribal influences, are likely to alter previous voting patterns.

Although the elections for the governorship of Kano will not be held until Aug. 13, one week after the presidential elections, analysts say they believe the personal influence of the men campaigning for the governorship will play a role in swinging their followers behind those running for the presidency.

Much of the interest is focused on a split in the People's Redemption Party, which swept the board in presidential, National Assembly and state elections in 1979 and prevented the victorious presidential candidate, Shagari, from gaining a crucial 25 percent of the vote in Kano.

The party's ascetic Moslem leader, Malam Aminu Kano, is now dead.

The charismatic former governor of the state, Rabiu Babu Kini, has fallen out with the party, resigned his post and is running for governor as candidate of the Nigerian People's Party, which in the past has drawn its support from the Christian Ibo of the east.

Mr. Kini is extremely popular and is counting on his record as the state's chief executive for nearly four years to carry his party into

power in Kano state and swing his followers behind the party's national candidate for the presidency, Nnamdi Azikiwe.

The People's Redemption Party, meanwhile, is fighting for survival and left without a credible leadership.

The party's candidate for governor of Kano, former Senator Sabo Babu Zovo, is described by his critics as barely educated, while the party's presidential candidate, Hassan Yusuf, is virtually unknown.

President Shagari's National Party of Nigeria hopes to cut deeply into the vote of the People's Redemption Party.

The contest for votes in individual states takes on extra importance under Nigeria's system of presidential elections; a candidate must win not only a majority vote but also 25 percent of the votes in two-thirds of the federation's 19 states.

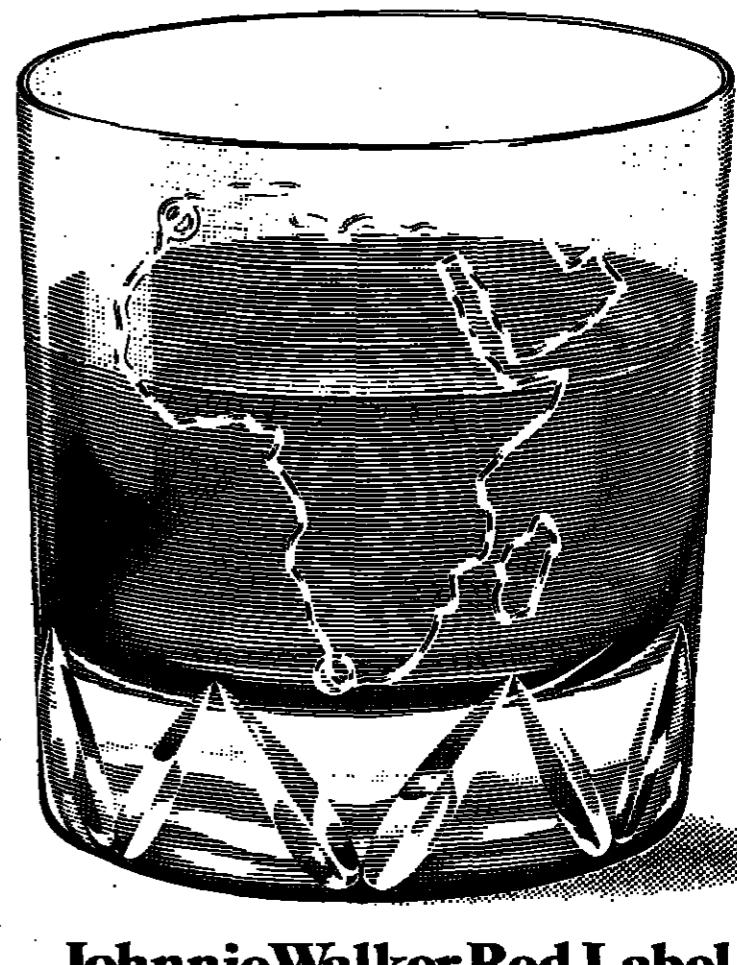
A fourth party, the Unity Party of Nigeria, is spending large sums of money trying to penetrate the predominantly Moslem north and promote its Christian candidate for the presidency, Obafemi Awolowo, who is expected to be Mr. Shagari's principal rival.

In 1979, Mr. Awolowo narrowly lost to Mr. Shagari, chiefly because he was not accepted in the north. But he does not appear to be making much of an impact in Kano.

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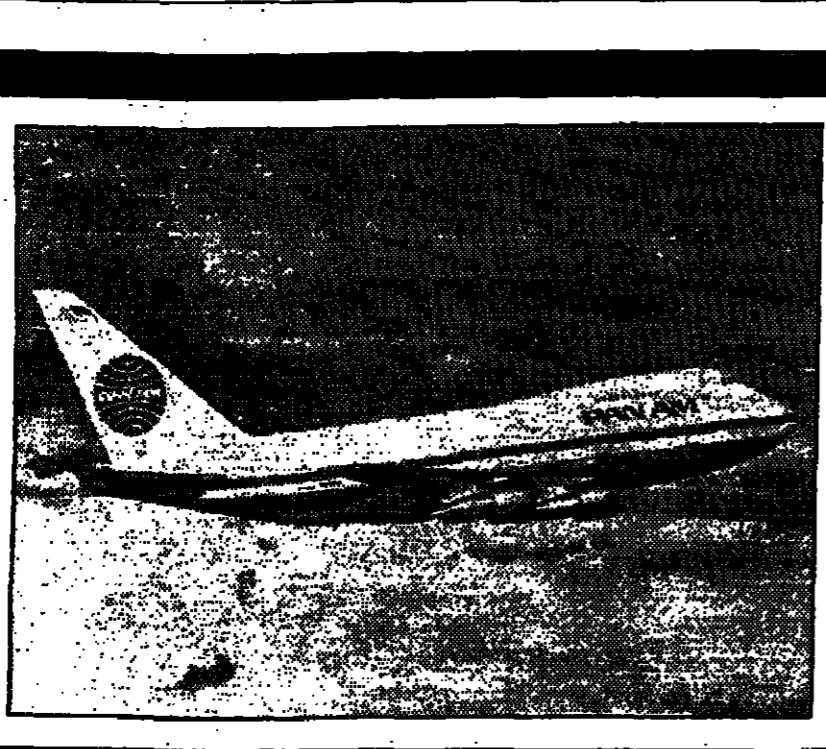
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## ARTS / LEISURE

## Paris Fashions: The Plush Look Is Back

By Hebe Dorsey  
International Herald Tribune

**PARIS** — The plush look is back in Paris fashions. The country may be Socialist, but the designers are telling the world exactly the opposite. The winter couture collections, which opened Sunday night with Nina Ricci, have not been as opulent in a long time. They are dressed in fur, sequins, lame brocades, embroideries and feathers.

Some dresses at Cardin's even had long trains, which the models had to kick with their feet in order to turn around. At Dior's, Marc Bohan went out of his way to make a clear break with ready-to-wear — which he is no longer designing — with a deluxe attitude best reflected in lavishly embroidered evening clothes; he even posted a white-tied, white-gloved butler at the end of the runway to collect the mamequin's coats.

Everywhere, the look is also more ladylike than ever, which is not always a plus. But then, this big-league, big-chic designing was never meant for the junior market. The overall impression is long and black and with Scherzer's droopy black veils it even takes on a touch of mourning.

Suits have taken a dip, especially in the newest coats, which are the larger-than-life variety. Suits and dresses, however, stay short and slim. Even Pierre Cardin, who is usually on the mini and flippant side, has gone for an elongated look. There are fewer pants, which is just as well, for convenience as they are in one's wardrobe, they look passé on a runway. So do boots. The liquid, draped satin dress is a big favorite and there are also some chemises, which Yves Saint Laurent, who is showing on Wednesday, is said to be reviving in a collection inspired by Balenciaga.

Cardin, with 40 nations represented at his show Monday morning, including China, said he is showing his collection in Beijing on Sept. 27 and will be opening a Maxim's restaurant at the same time. Considering that he is also negotiating with the Russians to bring over a modern rock Russian opera — "It will be a first in the West," —

it is miraculous that he keeps churning out such good collections. But then André Oliver, his long-time partner, is very much in the designing wings.

The collection shown Monday morning had all his familiar touches — flying saucer collars, kerchief layers, elaborate sleeves and shoulders, cascades of ruffles — but it all, somehow, rang true. Another thing about Cardin's clothes is that, sharply cut as they are, they end up looking poetic. The two petal dresses, one black, one red, outlined with sequins or rhinestones, were enchanting, as were the two bridal gowns, one black and one white, with satin rings running around the sleeves.

Although he said before the show that this collection was more subdued, there was still a lot of panache in Cardin's clothes. He opened with a couple of bright red coats — an indication that this was one of the most colorful collections in town — with magenta, hot pink, yellow, orange and bright blue sometimes mixed together in layered Cubist dresses. Always keen on exaggerated collars, Cardin went on the rampage with stovepipe versions that hid the models' faces, leaving only a glimpse of their bright berets.

In many ways, Cardin has cleaned up his act. There is less madness for madness's sake, even though he still knows how to take the star out of some of his clothes by giving the models wild, King's Road punk hairdos.

Jean-Louis Scherzer has no more hangups because he knows who he is designing for — what the French, tongue-in-cheek, call *bon chic, bon genre*, meaning the establishment. The result may be charming, but it is always predictably safe. His main theme this time is borrowed from the jungle, with striped jaguars, leopards and panthers used for collars and cuffs, belts and bags. Scherzer, who has a wealthy Arab clientele, put the glitter on evening dresses, some of which were also embroidered with sequined animal prints. A couple of black mailots, embroidered with silver sequined lightning bolts looked just the thing for a midnight dip at Acapulco.

At Dior's, Bohan is now back to



Cardin's black look (left); Scherzer's jungle suit.

designing exclusively for the carriage trade, which has resulted in a far more coherent collection. There is a consistent feeling of luxury here, both in terms of lush materials and elaborate couture workmanship. Some black chiffon dresses, cut on the bias, were pure couture creations, as were the embroidered gold sweaters over white crepe skirts. Although the blouses seemed dead and done away with, Bohan managed to revive it. His best ones were huge and puffed-up, with drawstring belts and sable-trimmed peplums. Embroidered with a cablestitch pattern, they were made of mohair, leather and pigskin as well as black velvet. The big fur-lined raincoats have always been Dior winners, and Bohan added military leather ones, complete with epaulets. He also played up gray flannel, a clear favorite this season, and showed draped, evening dresses in a pale, peaty gray — a nice alternative to black.

Meanwhile, the 1960s mini-skirt king André Courrèges is back on the scene with a Lolita look — and a couture collection that he revealed at a seven-course dinner last Saturday in new white showrooms. With fresh money from a Japanese backer, Courrèges, a simple soul who loves trout-fishing on a Wyoming ranch, is still delivering a winsome and leggy vision of womanhood, with an almost naive sexiness about her. This may not be considered high fashion nowadays, but the men present, including the conductor Roberto Benzi, did not seem to mind a bit.

## 'There He Is . . .' Bert Parks Picking the Top Cat

By Art Harris  
Washington Post Service

**BAL HARBOUR**, Florida — Flamingos tapped, TV cameras rolled. Elderly ladies with blue hair braved the bus from Miami Beach to catch a glimpse of their idol, praying the nerve pills worked magic until he was done.

Contestants sashayed on stage for the requisite fashion show. Then came the interviews. And finally, as the crowd of 700 gasped in the hotel night club, he ripped open the envelope and crowned Miss Virginia the winner.

"There she is," he crooned, as Luther Jennings, a Norfolk insurance agent, clutched his pet cat and scampered off to applause. "Miss Glamour Kitty of Anne-o-rrica."

Dripping sweat, the pancake makeup wearing thin, Bert Parks was back. For 25 years he sang the same tune as Miss Americas before the pageant dumped him three years ago for a younger man.

Now Parks was dazing the comeback trail, crowning beauties with a tail, as the tuxedoed host of a beauty contest sponsored by a cat litter company.

"If Richard Nixon can appear on 'Laugh-In' and say, 'Sock it to me,' I can have a few cats thrown in my face," said Parks, 58, clearing his throat before the show last week.

"We have to do these things once in a while. What's the worst thing they could say about me? 'The guy's flipped out?' I've been so damn steady for so long, why not?"

If you want to stay in show business, you've got to make a few waves, take a chance. A sympathetic audience will forgive me. I'm not going to hurt anybody. I'm not going to twist a cat's tail."

Cat litter is a dog-eat-dog business. At stake are the wallets of 40 million American cat owners and the \$200 million spent each year to sanitize, deodorize and pamper kitties in powder rooms across the United States.

The absorbent wonders of cat litter come from various clays mined from Death Valley to South Georgia. They are dried, crushed and hawked from supermarket shelves. Like salt, most vary little from brand to brand.

So how do you inspire finicky cat owners to shell out \$10 million a year and turn your small Philadelphia firm into one of the seven top cats on the kitty cat parade?

Answer: Hypo-Rama. A Miss America Pageant for cats.

Thus the All-American Glamour Kitty Contest was born in the back rooms of Waverly Mineral Products 18 years ago, attracting 20,000 entries every year. Short essays, many in crayon, detail why any

scruffy old alley cat deserves to be Glamour Kitty of America. Pedigree doesn't count. Only True Cat-love does.

Ed Coogin, 65, Waverly's executive vice president, figured Parks might be on the prowl, approached his agent and snared the celebrity for about \$10,000, said one pageant official. In return, Parks agreed to stroke a few pussy cats on opening night and host the coronation "as a spot."

"He was a little worried about it at first," said Coogin, "but there are 40 million cats in America and this is the most important thing in many of the owners' lives. People take this pageant seriously."

Meanwhile, nine finalists were winnowed out, awarded a year's supply of cat litter, and flown to Florida for one week of all-expense-paid tomfoolery, including fashion shows and a cat Olympics, where contestants try to coax grumpy Garfield through a maze. Camp was allowed; but it rarely worked.

"Ripley's Believe It Or Not has been filming for two days, but I don't think we're that weird," says Libby Budroni, 25, a bubbly PR woman who pounds out press releases for the Hypo-Rama.

"We always get a lot of press because we think it's cute, but never like this year with Bert Parks

Even the Tonight Show called. That's the Tonight Show with John Carson! We've sent them videotapes for years, but they never called before. I was knocked out."

"They said, 'I know this sounds crazy, but do you have cats that do tricks?' I had to tell 'em, 'All we have is plain old house cats.'"

Owners ranged from a Washington, D.C., widow who credits her cat, Rusty Redkin, with making her want to live again after her husband died, to Luther Jennings, 37, an ex-Vietnam medic who insists there's nothing sissy about owning a cat.

"Most of the people who get this far are normal, really nice people," says Budroni. "Only a few see it as a stepping stone to Hollywood."

For some who wandered out of the sun and eyed the posters in the Sheraton lobby touting Parks and pageant glossies of catatonic cats, it was a bad dream, the ultimate plastic pink flamingo-on-the-lawn nightmare. Americans run aground on the same white hot sands of North Miami Beach where dopers and refugees have washed ashore.

"I hate cats," whispered Bert Parks, coughing before the show, testing vocal cords that have bounded endless game shows along for a career spanning half a century. "Do you think I could be allergic to them?"

He sipped some water, the coughing stopped and he performed like a trooper, masking the best of sour pussycat puns. A cat-loving crowd lapped it up like warm milk.

Work has been lean for Parks since Miss America, but he draws the line at "false teeth and laxative commercials," as he puts it, combating a TV reporter's barbs with forty-one liners. He doesn't need the money.

"Hey, Bert Parks has been dealing with pussy cats all his life," he bristled. "You think it's demeaning, don't you? But it's fun, fun, fun — a spoof. But don't think I'll be a cat man the rest of my life."

The more energy expended, the more we notice the seams: "Mame" is long and repetitively constructed. With maybe two exceptions, Herman's songs annotate Jerome Lawrence and Robert E. Lee's book rather than prop it forward. The Peter Pan-like story of Mame's 20-year marriage of Patrick, already densely plotted, is in effect told twice. The bitchy aphorisms of the dialogue seem unsophisticated now.

But for everyone else, the pleasure has its limits. Though the pieces of "Mame" have been retrieved from the past, one doesn't find the present-tense heat that might weld them into a fresh, effortless entertainment.

This is a consequence of the production's few but crucial lapses. In all of its incarnations — starting with the novel, the nonmusical play and the movie that preceded this version — Dennis' fable is an unabashed oedipal love story between the nonconformist title character and the orphan nephew whom she adopts just as Manhattan's Jazz Age is going bust. That sentimental romance never gets going this time, because the performers playing the young and young-adult Patrick are insipid. The other big relationship in the show — between Mame and the dipsomaniac actress Vera Charles — is no warmer. Vera al-

## 'Mame' Is Back and So Is Lansbury

By Frank Rich

New York Times Service

**N**EW YORK — Though they have their other failings, the people who have brought "Mame" back to Broadway are master archeologists. The new production at the Gershwin Theatre looks like a replica of the musical that opened at the Winter Garden in 1966.

Angela Lansbury is back as Dennis' high-living, free-thinking aunt — still kicking a leg clear to heaven in the irresistible title song, still pouring her soul into the ballad "If He Walked Into My Life." Still extorting one and all to "Live, live, live!" Jane Comell has also returned as the comic nanny Agnes Gooch, and so have Sab Shimono as the Japanese butler, Willard Waterman as the villainous stuffed-shirt lawyer and John C. Becker as the biggest boor ever to serve daquiris in suburban Connecticut.

As conducted by Jim Coleman

and sung by the entire company, Jerry Herman's melodies and Philip J. Lang's orchestrations are still infectious, and Robert Mackintosh's costumes remain opulent and delightful, whether they're romancing Art Deco New York, the unreconstructed Deep South or the bobby-soxers of the 1940s. A veteran of the first "Mame," Diana Baff-Bruil, has done a letters-perfect job of reconstructing the sunny, corny verve of the cakewalks and marches originally choreographed by Onna White.

Thanks to this kind of care, "Mame" will please students of the musical theater (tired-businessman's division) and charm some newcomers, too — if there's anyone alive who hasn't previously met its heroine.

But there are other moments that perk us up, many of them featuring Lansbury. One feels a rush when she enters, a vision in gold from her toes to her raised headdress, to play queen bee. It's still fun to watch her exchange insults with Francine in "Bosom Buddies" or teach teenagers how to jitterbug in "That's How Young I Feel." Like everyone else, the star sometimes seems to be pushing herself to be merry — but, as always, she is charismatic and a paragon of glamour.

Indeed, glamour is the show's other principal calling card. Perhaps the main reason why Dennis' fairy tale has survived so long is that it celebrates a glittering, ritzy, fancy New York — where no one worried about money, only fools bothered to work, and everyone could spend a lifetime getting sloshed on martinis at the Algonquin — is no warmer. Vera al-

ways was too campy to be true, and, in Anne Francis' basso profundo rendition, the campiness curdled.

The direction also falls short. John Bowab has generally duplicated Gene Saks' original staging. But the results, unsurprisingly, look forced and mechanical.

The more energy expended, the more we notice the seams: "Mame" is long and repetitively constructed. With maybe two exceptions, Herman's songs annotate Jerome Lawrence and Robert E. Lee's book rather than prop it forward.

"Hey, Bert Parks has been dealing with pussy cats all his life," he bristled. "You think it's demeaning, don't you? But it's fun, fun, fun — a spoof. But don't think I'll be a cat man the rest of my life."

"I'm still handsome and attractive and too vital to get lost. It's a matter of ego, something to keep me off the streets. An actress who was in a show with me was once asked, 'Why did you want to be an actress?' She said, 'Anything to get out of the audience.' That's the way I feel about it."

Climbers Flock To Matterhorn

United Press International

ZERMATT, Switzerland — Alpine guides said Monday the Matterhorn looks more like a giant ant hill this summer. They said 50 climbers are scaling the 4,478-meter (14,690-foot) mountain each day with a record 3,000 expected for the summer season.

By August, the Zermatt guides expect a daily average of 100 to be expected.

But the brilliant sunshine — which attracted the climbers in the first place — has also added to the danger because it has been melting the snow and ice which in turn has loosened the rock face. Six climbers have died in the past three days.

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## Dow Jones Averages

Open	High	Low	Close	Chg.
178.52	179.00	178.45	178.85	+1.35
178.52	179.00	178.45	178.85	+1.35
178.52	179.00	178.45	178.85	+1.35
178.52	179.00	178.45	178.85	+1.35

## Market Summary, July 25

## Market Diaries

## AMEX Stock Index

NYSE	AMEX	High	Low	Close	Chg.
178.52	179.00	178.45	178.85	+1.35	
178.52	179.00	178.45	178.85	+1.35	
178.52	179.00	178.45	178.85	+1.35	
178.52	179.00	178.45	178.85	+1.35	

## AMEX Most Actives

NYSE	Chg.	Chg.	Chg.	Chg.




<

## INTERNATIONAL BUSINESS/FINANCE

TUESDAY, JULY 26, 1983

## COMMODITIES

By BOB HAGERTY

## Palladium's Strong Performance Is Stirring Speculators' Interests

LONDON — Palladium probably never will become the ideal investment for widows, orphans and Hong Kong taxi drivers, but it is generating increasing interest among speculators.

So far this year, palladium has strongly outperformed the other precious metals. Gold is down about 15 percent from its 1983 peak of \$309 an ounce. Silver and platinum have shown similar declines.

Palladium, by contrast, hit a 1983 high Monday, settling on the New York Mercantile Exchange at \$151.95 an ounce for delivery in September, the nearest actively traded month. That price is well below the peak of \$350 an ounce in 1980 but far above last year's low of \$49.

"It seems to have a price movement of its own relative to, say, gold or silver," says Maureen Lynch, research director at the exchange. "I think that's sparking a lot of interest."

Leading analysts are guarded about prospects for further sharp gains this year. "I don't expect any fireworks from here," one London dealer says.

But analysts do not see much danger of a collapse either.

J. Aron & Co., a New York-based division of Goldman Sachs and one of the few firms that tracks palladium closely, is quite bullish. Jeffrey Christian, an Aron analyst, says tighter supplies and new industrial uses leave room for further price increases this year.

At Bank Julius Baer in Zurich, John Fletcher says he would not be surprised to see palladium reach \$170 to \$200 this year, particularly if gold prices recover.

## N.Y. Trading Has Surged

On the New York Mercantile Exchange, trading in palladium has surged in the past year — starting, of course, from a low base. Daily volume averaged 806 contracts in June, up from 423 in December and 190 in June 1982.

Hoping to attract some of that business, three London metals dealers plan to issue a 10:15 a.m. palladium quotation starting next Monday. That will be in addition the 4:15 p.m. quote already made by Ayrton Metals, Samuel Montagu & Co. and Argos Metals.

The afternoon quote is "a bit overshadowed" by trading on the New York Mercantile Exchange, says Barry Salter, managing director of Argos. He says the morning quotation is likely to bring more palladium trading to London by encouraging suppliers to base their contracts on the London rather than the New York exchange price.

The next logical step, he says, is for London futures trading in platinum and palladium or for a formal forward-prime quotation from London dealers.

Wherever the trading is done, the fundamentals for palladium look good.

In the early stages of an economic recovery, analysts normally expect silver, platinum and palladium to outperform gold. That is because gold prices are less related to industrial use and more bound up with fears about inflation.

The industrial picture for palladium is brightening. More producers of electronic equipment are saving money by substituting palladium for gold. In addition, palladium is becoming more common as a material used in catalytic converters, which help control auto exhaust.

The market for converters is expected to grow rapidly in Europe as more countries insist on the use of lead-free gasoline.

## Opens New Horizons

That trend "opens new horizons" for industrial use of palladium, says Hans Winteler of Swiss Bank Corp. A boom in catalytic converters would boost sales of platinum as well as palladium. Both can be used in making the devices.

The supply situation for palladium also is improving.

The Soviet Union, the dominant producer, accounting for about 55 percent of output, which totaled 2.4 million ounces in 1982. Late last year, the Russians began to hold back sales, apparently in an attempt to boost prices. As a result of that restraint and growing industrial demand, Aron's Mr. Christian estimates that the surplus of supply over industrial demand will shrink to 30,000 ounces this year from 80,000 in 1982. It is possible, he says, that the surplus will disappear altogether this year.

The platinum surplus is also shrinking but remains far bigger.

As palladium prices mount, of course, changes grow that industry will find ways to substitute cheaper metals. Mr. Salter of Argos believes the Russians are aware of the danger and want to hold the price down to around \$145 for now.

Another concern for investors is that the unpredictable Russians dominate the market. Should the Soviet Union need cash quickly, it could swamp the market. Most of the rest of the supply comes from a couple of mines in South Africa.

In addition, the palladium market remains small — much smaller than for platinum, which some investors consider too narrow for comfort. A narrow market can make for sharp price swings. "You don't need much capital to move the market," notes Mr. Fletcher of Bank Julius Baer.

*International Herald Tribune*

## CURRENCY RATES

International exchange rates for July 25, excluding bank service charges

	S	E	D.M.	F.F.	IL.	G.D.	B.P.	S.F.	D.L.
Country	U.S.	British	French	Italian	Swiss	Belgian	Spanish	French	Italian
Australia	2.92	4.54	111.93	32.28	0.8888	5.598	127.48	31.85	—
Brunei	2.92	7.02	120.95	4.46	—	—	—	—	—
Canada	2.92	4.54	111.93	32.28	0.8888	5.598	127.48	31.85	—
China (D)	—	—	—	—	1.01	—	—	—	—
China (R)	—	—	—	—	—	—	—	—	—
Denmark	1.92	—	—	—	—	—	—	—	—
Finland	1.92	—	—	—	—	—	—	—	—
France	1.92	—	—	—	—	—	—	—	—
Germany	1.92	—	—	—	—	—	—	—	—
Japan	1.92	—	—	—	—	—	—	—	—
Malta	1.92	—	—	—	—	—	—	—	—
Netherlands	1.92	—	—	—	—	—	—	—	—
New Zealand	1.92	—	—	—	—	—	—	—	—
Norway	1.92	—	—	—	—	—	—	—	—
Portugal	1.92	—	—	—	—	—	—	—	—
Spain	1.92	—	—	—	—	—	—	—	—
Sweden	1.92	—	—	—	—	—	—	—	—
Switzerland	1.92	—	—	—	—	—	—	—	—
United Kingdom	1.92	—	—	—	—	—	—	—	—
United States	1.92	—	—	—	—	—	—	—	—
U.S.S.R.	0.9714	0.5707	2.2751	0.848	1.3485	2.5465	45.4025	1.8458	1.7111
U.S.S.R.	1.0000	—	—	—	—	—	—	—	—
Yugoslavia	1.92	—	—	—	—	—	—	—	—

## Dollar Values

	S	E	D.M.	F.F.	IL.	G.D.	B.P.	S.F.	D.L.
Country	Par	U.S.	British	French	Italian	Belgian	Spanish	French	Italian
Australia	1.12	0.919	1.011	0.8485	0.8485	0.8485	0.8485	0.8485	0.8485
Austria (S)	0.92	0.804	0.8104	0.7895	0.7895	0.7895	0.7895	0.7895	0.7895
Austria (A)	0.92	0.804	0.8104	0.7895	0.7895	0.7895	0.7895	0.7895	0.7895
Belgium	0.92	0.804	0.8104	0.7895	0.7895	0.7895	0.7895	0.7895	0.7895
Denmark	0.92	0.804	0.8104	0.7895	0.7895	0.7895	0.7895	0.7895	0.7895
Finland	0.92	0.804	0.8104	0.7895	0.7895	0.7895	0.7895	0.7895	0.7895
France	0.92	0.804	0.8104	0.7895	0.7895	0.7895	0.7895	0.7895	0.7895
Germany	0.92	0.804	0.8104	0.7895	0.7895	0.7895	0.7895	0.7895	0.7895
Japan	0.92	0.804	0.8104	0.7895	0.7895	0.7895	0.7895	0.7895	0.7895
Malta	0.92	0.804	0.8104	0.7895	0.7895	0.7895	0.7895	0.7895	0.7895
Netherlands	0.92	0.804	0.8104	0.7895	0.7895	0.7895	0.7895	0.7895	0.7895
Portugal	0.92	0.804	0.8104	0.7895	0.7895	0.7895	0.7895	0.7895	0.7895
Spain	0.92	0.804	0.8104	0.7895	0.7895	0.7895	0.7895	0.7895	0.7895
Sweden	0.92	0.804	0.8104	0.7895	0.7895	0.7895	0.7895	0.7895	0.7895
Switzerland	0.92	0.804	0.8104	0.7895	0.7895	0.7895	0.7895	0.7895	0.7895
United Kingdom	0.92	0.804	0.8104	0.7895	0.7895	0.7895	0.7895	0.7895	0.7895
United States	0.92	0.804	0.8104	0.7895	0.7895	0.7895	0.7895	0.7895	0.7895
Yugoslavia	0.92	0.804	0.8104	0.7895	0.7895	0.7895	0.7895	0.7895	0.7895

## INTEREST RATES

Eurocurrency Deposits July 25

	Dollar	D.M.	British	Swiss	French	ECU	SDR
Discount Rate	9.5%	—	—	—	—	—	—
Federal Funds	9.5%	—	—	—	—	—	—
Prime Rate	10.5%	—	—	—	—	—	—
LIBOR	10.5%	—	—	—	—	—	—
Commercial paper	10.5%	—	—	—	—	—	—
CDs 30-90 days	10.5%	—	—	—	—	—	—
CDs 90-180 days	10.5%	—	—	—	—	—	—
CDs 180-360 days	10.5%	—	—	—	—	—	—
CDs 360+ days	10.5%	—	—	—	—	—	—
West Germany	—	—					



COMPANY EARNINGS									
Revenue and profits, in millions, are in local currencies unless otherwise indicated									
Australia									
Broken Hill Proprietary Ltd.	Block & Decker	Year:	1982	1983	1982	1983	1982	1983	1982
Year:	1982	Revenue:	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Net Profit:	200	Per Share:	0.24	0.24	0.24	0.24	0.24	0.24	0.24
1st Half:	Burlington Ind.	Year:	1982	1983	1982	1983	1982	1983	1982
Revenue:	3,022.8	Net Profit:	342.4	Per Share:	1.04	1.04	1.04	1.04	1.04
2nd Quarter:	C. Itoh	Year:	1982	1983	1982	1983	1982	1983	1982
Revenue:	12.7	Net Profit:	3.57	Per Share:	0.61	0.61	0.61	0.61	0.61
Marubeni	Cabot	Year:	1982	1983	1982	1983	1982	1983	1982
Revenue:	11.7	Net Profit:	1.19	Per Share:	0.61	0.61	0.61	0.61	0.61
Meiji Seika K.	Carolina Pwrs	Year:	1982	1983	1982	1983	1982	1983	1982
Revenue:	200.0	Net Profit:	20.0	Per Share:	1.00	1.00	1.00	1.00	1.00
Nippon Steel	Central Illinois PS	Year:	1982	1983	1982	1983	1982	1983	1982
Revenue:	29.7	Net Profit:	3.27	Per Share:	0.65	0.65	0.65	0.65	0.65
Suzuki Motor	Chubb	Year:	1982	1983	1982	1983	1982	1983	1982
Revenue:	1,000	Net Profit:	100	Per Share:	1.00	1.00	1.00	1.00	1.00
TDK	City Investing	Year:	1982	1983	1982	1983	1982	1983	1982
Revenue:	2,000	Net Profit:	200	Per Share:	1.00	1.00	1.00	1.00	1.00
1st Half:	Commerce Bancr.	Year:	1982	1983	1982	1983	1982	1983	1982
Revenue:	1,000	Net Profit:	100	Per Share:	1.00	1.00	1.00	1.00	1.00
2nd Quarter:	Comptech	Year:	1982	1983	1982	1983	1982	1983	1982
Revenue:	1,000	Net Profit:	100	Per Share:	1.00	1.00	1.00	1.00	1.00
1st Half:	Corporation Fin.	Year:	1982	1983	1982	1983	1982	1983	1982
Revenue:	1,000	Net Profit:	100	Per Share:	1.00	1.00	1.00	1.00	1.00
2nd Quarter:	Cookson Dickenson	Year:	1982	1983	1982	1983	1982	1983	1982
Revenue:	1,000	Net Profit:	100	Per Share:	1.00	1.00	1.00	1.00	1.00
1st Half:	Credit Suisse Issue Prices	Year:	1982	1983	1982	1983	1982	1983	1982
Revenue:	1,000	Net Profit:	100	Per Share:	1.00	1.00	1.00	1.00	1.00
2nd Quarter:	Dai-ichi Kf Fund	Year:	1982	1983	1982	1983	1982	1983	1982
Revenue:	1,000	Net Profit:	100	Per Share:	1.00	1.00	1.00	1.00	1.00
1st Half:	Dai-ichi Kf Fund	Year:	1982	1983	1982	1983	1982	1983	1982
Revenue:	1,000	Net Profit:	100	Per Share:	1.00	1.00	1.00	1.00	1.00
2nd Quarter:	Dai-ichi Kf Fund	Year:	1982	1983	1982	1983	1982	1983	1982
Revenue:	1,000	Net Profit:	100	Per Share:	1.00	1.00	1.00	1.00	1.00
1st Half:	Dai-ichi Kf Fund	Year:	1982	1983	1982	1983	1982	1983	1982
Revenue:	1,000	Net Profit:	100	Per Share:	1.00	1.00	1.00	1.00	1.00
2nd Quarter:	Dai-ichi Kf Fund	Year:	1982	1983	1982	1983	1982	1983	1982
Revenue:	1,000	Net Profit:	100	Per Share:	1.00	1.00	1.00	1.00	1.00
1st Half:	Dai-ichi Kf Fund	Year:	1982	1983	1982	1983	1982	1983	1982
Revenue:	1,000	Net Profit:	100	Per Share:	1.00	1.00	1.00	1.00	1.00
2nd Quarter:	Dai-ichi Kf Fund	Year:	1982	1983	1982	1983	1982	1983	1982
Revenue:	1,000	Net Profit:	100	Per Share:	1.00	1.00	1.00	1.00	1.00
1st Half:	Dai-ichi Kf Fund	Year:	1982	1983	1982	1983	1982	1983	1982
Revenue:	1,000	Net Profit:	100	Per Share:	1.00	1.00	1.00	1.00	1.00
2nd Quarter:	Dai-ichi Kf Fund	Year:	1982	1983	1982	1983	1982	1983	1982
Revenue:	1,000	Net Profit:	100	Per Share:	1.00	1.00	1.00	1.00	1.00
1st Half:	Dai-ichi Kf Fund	Year:	1982	1983	1982	1983	1982	1983	1982
Revenue:	1,000	Net Profit:	100	Per Share:	1.00	1.00	1.00	1.00	1.00
2nd Quarter:	Dai-ichi Kf Fund	Year:	1982	1983	1982	1983	1982	1983	1982
Revenue:	1,000	Net Profit:	100	Per Share:	1.00	1.00	1.00	1.00	1.00
1st Half:	Dai-ichi Kf Fund	Year:	1982	1983	1982	1983	1982	1983	1982
Revenue:	1,000	Net Profit:	100	Per Share:	1.00	1.00	1.00	1.00	1.00
2nd Quarter:	Dai-ichi Kf Fund	Year:	1982	1983	1982	1983	1982	1983	1982
Revenue:	1,000	Net Profit:	100	Per Share:	1.00	1.00	1.00	1.00	1.00
1st Half:	Dai-ichi Kf Fund	Year:	1982	1983	1982	1983	1982	1983	1982
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2nd Quarter:	Dai-ichi Kf Fund	Year:	1982	1983	1982	1983	1982	1983	1982
Revenue:	1,000	Net Profit:	100	Per Share:	1.00	1.00	1.00	1.00	1.00
1st Half:	Dai-ichi Kf Fund	Year:	1982	1983	1982	1983	1982	1983	1982
Revenue:	1,000	Net Profit:	100	Per Share:	1.00	1.00	1.00	1.00	1.00
2nd Quarter:	Dai-ichi Kf Fund	Year:	1982	1983	1982	1983	1982	1983	1982
Revenue:	1,000	Net Profit:	100	Per Share:	1.00	1.00	1.00	1.00	1.00
1st Half:	Dai-ichi Kf Fund	Year:	1982	1983	1982	1983	1982	1983	1982
Revenue:	1,000	Net Profit:	100	Per Share:	1.00	1.00	1.00	1.00	1.00
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1st Half:	Dai-ichi Kf Fund	Year:	1982	1983	1982	1983	1982	1983	1982



# Why Morgan Guaranty Ltd is the fastest growing lead manager of Eurobonds



Morgan Guaranty Ltd draws on the skills of Morgan people worldwide. In London are Fabian vom Hofe, MGL vice chairman, at left, with managers Jean-François Buisseret, Michael Enthoven, Claus Löwe, David Brigstocke. The Morgan bankers in New York are Trisha McClothlin; Dennis Weatherstone, chairman of the executive committee of The Morgan Bank and MGL chairman; Walter Gubert; Robert Engel, executive vice president and treasurer; Lorin Lear; Roberto Mendoza.

In 1982 Morgan Guaranty Ltd—the Eurobond underwriting subsidiary of Morgan Guaranty Trust Company—ranked fourth among lead managers and joint lead managers of Eurobond issues, up from 12th place in 1981 and 36th place in 1980. As the tables show, we're maintaining that high position this year.

How did we achieve this record—in competition with the world's leading banks, investment banks, and merchant banks—when Morgan Guaranty Ltd didn't start business until late 1979?

We earned it by providing issuers with financing structures that not only respond to their specific needs but also take maximum advantage of changing market opportunities.

#### The changing environment

As an issuer today you have to deal with more change than ever before. Rule 415, the increasing institutionalization of international capital markets, rate hedging options, and arbitrage techniques such as interest rate and currency swaps have radically altered markets and financing strategies. You want an underwriter with the skill and imagination to respond quickly to any new development.

Morgan Guaranty Ltd's understanding of and adaptability to the changing market environment have led to many innovations which have benefited issuers. The first debt warrant exercisable into a zero coupon security, for example. The first partly paid dollar issue in 1982. The only Euro-sterling issue for a U.S. corporation during 1982.

And we recently managed the first issue with a deferred rate setting. With this technique a borrower who feels that rates will decline can take immediate advantage of a favorable

market opportunity but have a number of months during which the cost of the financing can be fixed.

With change a constant, we're committed to finding financing alternatives that will meet your needs under any market conditions.

#### Intermarket arbitrage

Our resources are important to clients, too. Morgan is a major participant in the international capital markets, the U.S. Government bond market, the futures markets, the foreign exchange markets, the bullion markets, and the major local-currency money markets. So we're especially well positioned to capitalize on the increasing interdependence of financial markets and create cost-effective solutions to financing problems.

And Morgan's capital strength helps us to implement the solutions efficiently. For instance, while all underwriters can make commitments for a bond issue, we can also make firm commitments as principal in rate and currency swaps, reducing both cost and risk for our clients.

#### Innovative professionalism

Market opportunities—and new ways to take advantage of them—come and go. Our objective is to provide consistent, imaginative services in the capital markets with the same quality and professionalism that long have characterized the way Morgan conducts all its business.

Let us show you how we can serve your needs.

Eurobond rankings—1982	1981 rank	No. of issues	Dollars in millions*
1 Credit Suisse First Boston Limited	1	92	\$7,246
2 Deutsche Bank AG	3	67	5,042
3 Morgan Stanley International	2	63	3,776
4 Morgan Guaranty Ltd	12	42	2,012
5 Salomon Brothers International	6	40	1,773
6 Swiss Bank Corporation Int'l Limited	16	22	1,742
7 Merrill Lynch International & Co.	5	36	1,714
8 S.G. Warburg & Co. Ltd.	4	36	1,566
9 Goldman Sachs International Corp.	13	28	1,198
10 Société Générale	10	25	1,016

#### Eurobond rankings—1983 first quarter

1 Credit Suisse First Boston Limited	21	\$2,746
2 Deutsche Bank AG	23	1,602
3 Morgan Stanley International	13	765
4 Morgan Guaranty Ltd	15	582
5 Société Générale	6	507
6 S.G. Warburg & Co. Ltd.	14	456
7 Dresdner Bank AG	7	413
8 Algemene Bank Nederland NV	7	361
9 Amro International Limited	10	297
10 Daiwa Europe Limited	8	290

Source: Euromoney Publications Ltd. \*All notes and bonds. Sole lead managers receive full amount of the issue; joint lead managers receive equal amounts.

Morgan Guaranty Ltd, 30 Throgmorton Street,  
London EC2N 2NT

## Morgan Guaranty Ltd



## SPORTS

**Allen's Second Consecutive Shutout Stops Cardinals' Skid***United Press International*

ST. LOUIS — Neil Allen pitched his second straight shutout Sunday as he lead the St. Louis Cardinals to a 3-0 victory over the Los Angeles Dodgers.

By stopping the Dodgers on six hits, Allen (7-8) became the first pitcher since 1976 to blank the same team twice in one year while pitching for two different clubs. On

walked one and struck out one in going the distance for the ninth time and becoming the first pitcher in the National League to win 13 games. Oliver doubled home a run in the fifth and knocked in another run with a fielder's choice in the seventh.

**Braves 12, Phillies 4**

In Atlanta, Bob Horner drove in three runs with a pair of home runs and a single to support the seven-hitter pitching of Pascual Perez as the Braves overpowered Philadelphia, 12-4. The triumph enabled Atlanta to boost its lead over second-place Los Angeles in the NL West to 4½ games. Mike Schmidt homered for Philadelphia.

**Reds 4, Mets 2**

In Cincinnati, Joe Price pitched a six-hitter and Cesar Cedeno singled in two runs to lead the Reds to a 4-2 victory over New York. In winning his fifth straight game, Price (10-5) has allowed just five runs in 36½ innings, and he has permitted three or fewer runs in 16 of his 18 starts.

**Cards 5, Padres 3**

In Chicago, Ron Cey drove in four runs with a home run, double and a sacrifice fly to lead the Cubs past San Diego, 5-3. Chuck Rainey (10-8) went eight innings for the victory with Lee Smith getting the last three outs for his 14th save. Terry Kennedy homered for the losers.

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**Giants 8, Pirates 5**

In Pittsburgh, Jeff Leonard's grand-slam home run in the 11th gave San Francisco an 8-5 decision over the Pirates and a split of the doubleheader. In the opener, Greg Minton's eighth-inning wild pitch scored Lee Lacy with the go-ahead run and Jason Thompson and Jim Fonda added RBI singles as Pittsburgh prevailed, 3-1.

**Indians 7, Indians 5**

In Cleveland, Tim LaRue and Randy Bush hit bases-empty homers to pace Minnesota to a 5-4 victory and a doubleheader sweep of the Indians. In the 7-5 opener, Gary Ward hit a three-run home run and Gary Gaetti added a two-run homer to make a winner of Bobby Castillo (6-8).

**Brewers 8, White Sox 7**

In Milwaukee, Jim Gantner's suicide squeeze bunt in the eighth scored Ben Oglivie with the win-

ners.

**Reds 8, Astros 3**

In Montreal, Steve Rogers scattered eight hits and Al Oliver batted in two runs to lead the Expos to a 7-3 victory over Houston. Rogers

way declined further comment, but Kush's reputation as a fanatical coach is well known.

Eliay was not quite so blunt about his inclinations before the draft, saying he would prefer a West Coast home, that he had never played in less than 45-degree weather. Eliay now admits he made a mistake; he should have worried more about clarity than Baltimore's feelings. But, Eliay said, "Irsay knew Baltimore was out."

Eliay ignored Eliay's warnings and on April 26 drafted him. As he'd said he would, Eliay balked. To some, Eliay made an obstinate, bum call; to others Eliay was a manipulator, Eliay a sympathetic figure. Terry Bradshaw, the last quarterback to earn such high ratings coming out of college, favored the latter evaluation and said Eliay ought to "quit whining."

Bradshaw has not changed his view. "I don't apologize for the things I said," Bradshaw said the other day by phone. "I'm a traditionalist, and the tradition says the worst team gets the best player. He sounded to me like a spoiled brat. When I was drafted by Pittsburgh and they were the worst team, I considered it an honor that they chose me. I would never have had the slightest thought of doing anything else."

"I don't think he understood where I was coming from," Eliay said. "It wasn't Baltimore, it was the Colts organization."

After a week of secret negotiations, Eliay concluded that Eliay would indeed play baseball rather than come to Baltimore. So he traded him to the Broncos for Chris Hinton, a highly rated rookie defensive tackle and for backup quarterback Mark Hermann and a first-round draft choice. Eliay signed a \$5-million, five-year contract with Edgar Kaiser, the Bronco's owner.

The appeal is obvious. In Eliay's first practices with the National Football League Denver Broncos these fans saw the promise of many autographs of athletic players. They call him his name, mob him for autographs. A little stand nearby sells John Elway T-shirts at \$9.95 per. "Business is great," says the saleswoman as she gives a customer a nickel in change.

If fans have been enthusiastic, the press has been somewhere between vigilant and silly.

One paper publishes a daily feature called "Eliay Watch." Twenty-eight reporters live full-time with the players in the University of Northern Colorado's dormitories. Many more visit periodically. A flotilla of television trailers is here and will not budge until the Broncos begin the regular season in September.

After a recent morning practice, Eliay conducted his usual luncheon press conference. Between bites, he said, "There's one thing that scares me. I want to be a normal person. I want to be able to go down to the A&W and buy a root beer."

The 22-year-old quarterback can't even get a haircut in peace. In the first week of rookie camp, Eliay thought his blood tresses were hanging too far out of his helmet and set off for the barbershop. He never made it. A television reporter wanted an interview.

That night, team officials arranged for an unmarked police car to pick up Eliay and take him to the home of a hairdresser.

John Hadji, who once led the San Diego Chargers to an American football League title and is now the quarterback coach for Denver, said, "I need a haircut, too, but I don't need a damn pose to get me a haircut."

Hadji calls Eliay the "best quarterback prospect ever," and he is not alone in his evaluation. Gil Brandt, the Dallas Cowboys' personnel director, has said he would draft Eliay first even if he had Dan Fouts, Joe Montana and Danny White on his team. Bill Walsh reached Eliay at Stanford before taking the head coaching job at San Francisco and says Eliay is the next college quarterback he has seen.

A study of Eliay's play — the quick release, strong arm and ability to read pass coverages — confirms the endorsements. So do his statistics. He completed 62.1 percent of his passes at Stanford for 349 yards and 77 touchdowns.

It is little wonder that Eliay, now this year's National Football League draft into a frenzy of ramifications (in Baltimore) and litigation (in Denver).

Eliay, who hit .318 and earned 40,000 playing last summer for the New York Yankees' Class-A minor club in Oneonta, New York, did he would have preferred work for George Steinbrenner's Yankees than for Robert Irsay's and Jack Kush's Baltimore Colts, the two that had this year's first draft picks.

"I'd rather have done other things than play there," Eliay says these days. "I heard a lot about Eliay and Irsay, and I've known them who've played there." Eliay

walked one and struck out one in going the distance for the ninth time and becoming the first pitcher in the National League to win 13 games. Oliver doubled home a run in the fifth and knocked in another run with a fielder's choice in the seventh.

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**Red Sox 6, Mariners 0**

In Seattle, Wade Boggs had two runs batted in and raised his batting average to .374, while John Tudor pitched a six-hit shutout as

Boston stopped the Mariners, 6-0.

**Rangers 3, Blue Jays 0**

In Arlington, Texas, Rick Honeycutt pitched a five-hit shutout to lead Texas past Toronto, 3-0. Honeycutt allowed three hits by Barry Bonnell and singles by George Bell and Alfredo Griffin to become the first American League pitcher to win 13 games this season.

A's Scott McGregor (12-4) scattered 10 hits to earn his fourth straight victory. Oakland's Dwayne Murphy hit his ninth home run of the season.

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**Sticky Stuff: Brett Homer Disallowed, Royals Lose**

*Compiled by Our Staff From Dispatches*

NEW YORK — George Brett circled the bases with a home-run smile. Five minutes later, he was at home plate again — transformed from a game-winning two-out, two-run homer off Yankee reliever Rich Gossage was disallowed, and New York escaped with a 4-3 victory over the

Yankees.

At that ninth-inning interval

Sunday at Yankee Stadium, the umpiring crew declared that Brett's bat had pine tar exceeded the legal limit. The four umpires conferred again, and then McClelland thrust his right arm in the air, signaling Brett was out.

By blazing the All-Star third base, Brett exploded out of the dugout and looked as if he would run over McClelland. Brinkman intercepted him and Manager Dick Howser grabbing Brett around the neck. Said Brinkman: "He was upset."

"We seen everything now," said Brett, still seething after the game. "I know all about the rule. I've used the same bat for the past five games and no one said a word. I don't use illegal bats — I don't need to." Brett is batting .353.

"I don't wear batting gloves," he said, displaying his calloused hands. "I like the feel of raw skin on raw wood. But you also don't want to hold the bat where pine tar is, so you put it up higher on the bat, get some on your hands when you need it, and then go back to the bottom of the bat. Where I hit that ball, it was on the meat part of the bat, about five inches from the end. There's no pine tar 20 inches from the handle. That ball wasn't even close enough to the pine tar to smell it."

"Because I don't break many bats," Brett explained, "other umpires have told me in the past when the pine tar is getting too high, and I scope it out of it." Sunday's umpires didn't say anything to me — why couldn't they take the bat away my first time at bat?"

Hoyer said he protested the decision. The umpires declined to show the bat, which they said was on its way to the office of American League President Lee MacPhail.

The umpires did not use a ruler to measure the pine tar on Brett's 34½-

"Pine tar is a sticky brown substance batten apply to their bats for a better grip. Baseball Rule 1.10 (b) says it may not cover a bat more than 15 inches from the tip of the handle. Brinkman said Brett's bat had "heavy pine tar" 19 or 20 inches from the tip of the handle and lighter pine tar for another three or four inches.

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